Wednesday January 9 1991

Gorbachev and Yeltsin agree

to avert deadlock on spending

and the control of th

World News

O THE FINANCIAL TIMES LIMITED 1991

FT No. 31,348

ANC makes concession to expected to Pretoria on constitution

The African National Congress narrowed differences between itself and the South African government by calling for an all-party conference which would draft the broad principles of a new constitution. Page 14

Evacuation halted Fighting in the war-devastated Somali capital of Mogadishu prevented air evacuation of foreigners still trapped in the

Help for Ethiopia

A United Nations ship carrying food for northern Ethiopia arrived safely in the rebel-held Red Sez port of Masawa in the first step of a plan to reopen a vital famine relief route. Mil-lions face starvation, Page 14

Le Monde choice Journalists of Le Monde, France's leading national daily newspaper, voted to accept an outsider as director for the first time in the paper's history. Page 14

Coup officers jailed An Argentine military court centenced seven army officers to "indefinite imprisonment" for leading a military unrising in December that laft 13 people dead. Six others were jailed for between 12 and 20 years.

Nato satellite A \$110m British-built satellite

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designed to improve communi-cations among Nato allies was unched by a Delta 2 rocket at Cape Canaveral, Florida. London rali crash

One man died and 248 people were injured when a crowded rush-hour train smashed into the buffers at a main-line London railway station, Page 8

Child refugees

Young children arriving unaccompanied from areas of con-flict such as Somalia and Ethiopia are posing a problem for Holland, About 400 turned up in the first half of last year.

Sri Lanka deadlock The Sri Lankan government and Tandl rebels bismed each other for breaking a week-old reasefire that has reduced, but not halted, the fighting.

Streetcar deaths

A streetcar overturned on a busy Budapest street, killing five and injuring 50 people, over half of whom were chil-

Madrid strike chaos A strike by Madrid's underground railway drivers caused rosh-hour traffic chaos after drivers and employers failed to agree a peace formula.

Road deaths halved The number of road deaths in the Irish Republic in Decem-ber was almost halved after police launched a tough anti-

drinking and driving cam-Miners negotiate The leader of nearly 50,000 striking Turkish miners called

off a protest march to Ankara to resume pay talks with the government. Seamen missing Five French seamen were miss

ing after launching an anguished call for help from their trawler sinking in the Peruvian hijack

A man armed with a grenade hijacked a Peruvian domestic rliner en route from Trutillo to Lima with about 100 people on board and demanded

\$750,000 No hiding place A 22-year-old American was ed in Rome after police found cocaine with a street value of \$14m hidden inside four plaster statues, a wine rack and the legs of a folding

chair in his possession. CONTENTS

Investment in the east

100

Carlo San Market

.....

Business Summary Sterling Drug announce deal with Sanofi

Sterling Drug, Eastman Kodak's pharmaceutical subsidiary, and Sanofi, the French drug company, are expected to announce an ambitious international alliance.

MARKETS: Wall Street: Dow Jones Industrial Average was up 1.98 at 2524.75 by mid-session. Tokyo: The Nikkei average lost 838.73, or 3.5 per cent, to 22,897.84. Frankfurt: The DAX index ended 4.21 lower

LYONNAISE des Eaux-Dumez. French water distribution and construction group, announced a programme of asset sales and the acquisition of a small water distributor in southern France. Page 15

Back Page, Section II

WPP GROUP, troubled international marketing services com-pany, is close to agreeing preliminary proposals with its banks over the restructuring of its \$607.95m debt. Page 15

BRITAIN'S five largest clearing banks have agreed on a pilot scheme eliminating paper for corporate customers and replacing it with electronic messages. Page 14

INTERNATIONAL Energy Agency has called an emergency meeting in an effort to co-ordinate its member govern ments' plans to deal with a disruption in oil supplies should a war break out in the Gulf. Page 2

US Treasury bonds received an unexpected boost when the Federal Reserve failed to oper-ate in the open market while Fed Funds were trading below the Fed's perceived target of 7 per cent. Page 18

GENERAL Electric of the US has won a \$650m order from KLM Royal Dutch Atrimes for engines to power the carrier's new fleet of McDonnell Douglas MD-11 trijets. Page 4

COUNTY NatWest, investment banking arm of National Westminster Bank, is planning to cut staff in its loss-making-Tokyo office through a volun-tary redundancy and retirement scheme. Page 18 **SOUTH Korea Finance Minis-**

try says foreign companies investing in the country will face a simplified approval pro-cess but sharply cut tax incen-tives from March. Page 4 SHL Systemhouse, Canadian

computer systems company, has asked Roderick Bryden, its chairman and executive, to step down. Page 16

JAPANESE corporations are expected to make a sharp cut in public share offerings in the fiscal year ending March, 1991_ Page 22

HONDA cars built in the US will have to be admitted freely to European Community mar kets because their place of origin puts them outside existing quotas on Japanese cars, according to UK officials.

SWEDISH agriculture minister Mats Hellström said the dead-lock over agriculture which halted the Uruguay Round trade talks in Brussels on December 7 could be broken in the next month, Page 4

UK finance officials said the European monetary institution set up to administer Britain's proposed hard Ecu currency could eventually evolve into a fully fledged pan-European central bank. Page 8

KORE STKEL, Japanese steel-maker, said an Iranian state engineering company has commissioned it to conduct a feasibility study into the construction of at least one integrated steelworks. Page 4

UBS, Union Bank of Switzerland, added a specific reference to the Middle East in the legal documentation of a new issue launched in the Swiss bond market. Page 22

Baker allays fears of split among Gulf allies By Ian Davidson in Paris, Philip Stephens in Dhahran and Tony Walker in Baghdad

in the west's approach to the

He said France and the US were "absolutely united" in their approach to the crisis as he prepared for his crucial talks in Geneva today with Mr Tariq Aziz, the Iraqi foreign

France has been regarded in Washington and London as a weak link in the multinational coalition trying to eject traci forces from Kuwait. But Mr

By Quentin Peel in Moscow

SOVIET President Mikhail

Corbachev and Mr Boris Yelt-

sin, president of the Russian republic, yesterday agreed a budget deal, averting the pros-pect of a complete standstill in

state spending.
The deal means that central

government spending - in-cluding defence, law and order,

social spending, foreign aid,

and the environment - can be

financed for the coming

months in spite of the lack of any final agreement on a divi-sion of responsibilities with the

15 union republics. No details of the accord were

released last night, but it appeared that Mr Gorbachev had been forced to make

sweeping concessions to the

republics to ensure having a budget at all. Meanwhile, Mr

Yeltsin has almost certainly

had to contribute a bigger

share of his tax revenues to the

centre, to reach a compromise.

the afternoon after revised revenue and spending figures for the national budget had been presented to the Supreme

Soviet, the standing parlia-

ment, in the morning.

They showed that Mr Gorba-chev had been forced to accept

that part of the central budget

revenues - nearly Rbs42bn out of Rbs250bn - would be a grant from the republics,

rather than being based on direct federal taxation. That

seems certain to leave the cen-

tral government increasingly at the mercy of the republics

over its future spending plans.

week by the Federation Coun-

cil, including Mr Gorbachev and all the republican leaders.

However, on Saturday Mr Yelt-

The original economic agreement was worked out last

The deal was negotiated in

MR JAMES Baker, US Baker and Mr Roland Dumas, secretary of state, moved yesterday to allay fears of disunity meeting in Paris, both his French counterpart, after meeting in Paris, both demanded an unconditional Iraqi withdrawal.
Mr Baker said there was

"total and complete agreement between France and the US over the necessity of a complete implementation of the UN Security Council resolutions before January 15". The main point of open dis-

agreement between Paris and Washington is over President Mitterrand's proposal, advanced at the UN General

sin declared he was not pre

pared to back it and was with-

holding Rbs27bn. The Russian

republic normally contributes 60 per cent of total revenues.

What was already granted to the republics in last week's

deal was 100 per cent control over the so-called turnover tax on enterprises, and 40 per cent

of the profits tax on enter-

prises, amounting to almost

Rbs62bn. In exchange, the cen-

tral government will get

Rbs36bn from the new 5 per cent sales tax, and the full amount of tax and customs

revenues on foreign trade

The central budget presented to the parliament yesterday totals Rbs276.8bn, against the revenue figure of Rbs250.2bn. However, the deficit of nearly

Rbs27bn greatly understates the total state deficit because

all the republics and all regional and city councils

throughout the country, have

One of the largest items in state spending – a forecast Rbs120bn in food price subsidies – has now been made the

responsibility of the republican and local authorities. After

steep rises in producer prices,

but no increase yet in retail prices, the cost of subsidies

The budget reveals for the first time the spending on the KGB, the state security com-

mittee, at Rbs4.9bn for the

coming year. Military spending is put at Rbs96.6bn, or 35 per

The budget is supposed to be approved by parliament by the

end of the present session next

week. Army flexes muscles, Page 5;

Editorial comment, Page 12

huge deficits as well.

could go much higher.

cent of the budget.

an Iraqi withdrawal from Kuwait could be followed by one or more international conferences to treat the outstanding problems of the Middle East. The US is opposed to linkage between the Gulf crisis and the Arab-Israeli conflict. But Mr Dumas underlined

vesterday that this point of disagreement made no difference "the solidarity to which we shall stick". He said: "We would not even

ALAMA SERVICIONA DE LA CONTRACTOR DE LA

suggest that we could negoti-ate outside the resolutions of

the United Nations, and there is total agreement between us that there can be no link with other questions and that there must be complete and unconditional Iraqi withdrawal from

After his 90-minute meeting with Mr Baker in Bonn, Chancellor Helmut Kohl said he had stressed Germany's hopes for a peaceful solution to the Gulf

But he and Mr Baker were agreed that they were consider-ing only a solution based on UN Security Council resolu-

tions demanding that Iraq withdraw from Kuwait. "The meeting between the foreign ministers of the US and Iraq is a chance that absolutely has to be used," Mr Kohl said. In Baghdad, diplomatic mis-

sions were making plans to evacuate their nationals in the

event of war and shredding and burning confidential docu-ments. The evacuation plans are likely to be activated if Continued on Page 14 Gulf reports, Page 2; Oilfield pollution, Page 13; Markets, Section II

premier

vote on

By Leyla Boulton

price rises

THE CRISIS triggered by

Moscow's decision to send paratroopers to the Baltic

republics yesterday claimed its first political casualty when

Soviet leader forced to make sweeping concessions to republics to win budget deal Lithuanian

money, together with \$30m in cash it had on hand, should resigns over

obligations equitably and realistically in a controlled man-ner". The move, he said, should have no impact on the flying public.

the prime minister of one of the republics, Mrs Kasimiera Prunskiene of Lithuania, Her decision came after the rights at Heathrow airport.
The UK and the US governments are set to hold further negotiations in Washington Lithuanian parliament cancelled sharp price rises decreed by her government as part of reforms to create a market economy. Some deputies had argued that the social tension generated by the price rises would weaken Lithuania's abil-ity to withstand an onslaught

from Moscow. As the parliament voted against the price rises, thou-sands of demonstrators - most of them Russians who want Lithuania to remain part of the Soviet Union – surrounded the building shouting "Down with the government". Windows were smashed and

some protesters tried to push their way into the building before being repelled by unarmed guards and security forces using water cannon. Other rebel Soviet republics yesterday threatened civil dis-obedience if Moscow used a 'mailed fist" conscription cam-

paign as an excuse to crush their moves towards indepen-

In Washington, the White House condemned the Kremlin's decision to send paratroopers into the Baltics, say-Continued on Page 14 Analysis and Moscow-Russia budget agreement, Page 5

Pan Am files for protection from its creditors

The Red Army flexes its muscles tough

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lidarity Action M AS) party has on

share of seats in Congress, and he seek alliances with

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Governme

By Nikki Tait in New York and Paul Betts in London

PAN AM, the cash-starved US airline, yesterday filed for pro-tection from its creditors under Chapter II of the US bankruptcy code – the third large US airline to do so in two

But the company also said that Bankers Trust, the US investment bank, and United Airlines, one of the higgest US carriers, had agreed to provide an interim loan of \$150m. Pan Am said that this

enable it to keep operating until it received \$290m from United for the sale of Pan Am's Transatlantic routes into London's Heathrow airport. Mr Tom Plaskett, Pan Am chairman, said the Chapter 11 filing would allow the airline "to restructure its financial

These developments in the Pan Am saga are expected to increase pressure on the British government to come to a decision quickly on approval for the transfer to United of Pan Am's take-off and landing

early next week on the contro-versial Pan Am/United issue and the similar plan to transfer to American Airlines the Heathrow rights belonging to TWA, another heavily indebted US airline from which Pan Am considered a merger proposal last month. The UK has so far indicated that its decision would depend on completion by the Civil Aviation Authority of a review of London air traffic distribu-

tion rules later this month. Pan Am announced plans to sell its Heathrow routes to United last autumn, but has been unable to conclude the transaction until both UK and US authorities give their approval. Tentative approval for a route transfer was given by the US yesterday.

Yesterday's bankruptcy fil-ing suggested that Pan Am's main operating unit had liabil-ities of \$2.6bn at end-September, against assets of \$1.6bn. The biggest unsecured creditor is the Pension Benefit Guar-anty Corporation, a Federal agency, to which Pan Am owes \$490m of contingent claims. Details, Page 15

sive export-orie e economic front opt for financial peralisation polici vith fiscal and reform - to im listribution. protestant evange ano breaks with of Catholic head 3 Guatemala, ar as the opportuniout to the cou y Indian popul as suffered centu ination and oppre exclusion of the h lost of the coulis arguably the b 1 facing Mr Serrar

SEC chief warns of tough year ahead for US securities industry By Lionel Barber in Washington

THE US securities industry is likely to register one of its worst performances in years and may have lost money as a whole in 1990, Mr Richard Breeden, chairman of the Securities and Exchange Commis-

sion, warned Congress yester-Mr Breeden also said that proposals to allow banks to enter the securities business which the Bush administration will shortly present to Congress as part of a restructuring of the financial services industry – could lead to signif-icant short-term losses for the

In testimony to the senate banking committee, Mr Breeden painted a bleak picture of declining profits and stagnant growth in the securities industry. It would either have to raise revenues or cut costs through job losses, and possi-

Despite these concerns, Mr Breeden rejected parallels with the troubled banking sector and expressed confidence that both firms and the Securities Investor Protection Corporation, the industry's investor protection fund, were adequately capitalised to handle

the downturn. This safety net, coupled with firms' own capital, ensured that federal assistance would not be needed in the event of a severe economic downturn.

The SEC had previously expressed concern about brokerage firms' earnings and made some adjustments to capital requirements after the collapse last year of Drexel Burn-ham Lambert, the junk bond specialist.

Mr Breeden noted that smaller, specialised firms exploiting market niches appeared to be faring better than larger, diversified nation-

"This may suggest that the business strategy of building financial supermarkets has not to date proven universally successful," he said, in an implicit criticism of fashionable thinking on Wall Street in the 1980s. The downward trend in profits was a cause for concern,

but a decline was not unusual

considering the level of activ-

MARKETS

\$1.905 Landon

ity in the overall economy, he

Smiling in adversity: Mikhail Gorbachev yesterday

Nonetheless the industry ntered the 1990s with declining profits and overcapacity.

Mr Breeden said pre-tax
return on equity for the first three quarters of 1990 was 0.2 per cent on an annual basis, compared with an average 7 per cent from 1987-89. In the first three quarters of

1990 total industry revenue decreased significantly, he said. Commission revenue \$9.1bn on an annualised basis compared with \$10.2bn in 1989. On proposals further to dismantle the Glass Steagal Act - a central pillar of US financial regulation establishing the separation of banking and comerce and banning commercial banks from engaging in the securities business - Mr Breeden warned: "Inexperienced firms without market share that enter the business are likely to lose money, at least in the short-term, as existing firms light to retain their mar-

Optimists undaunted by US recession, Page 3

STOCK INDICES

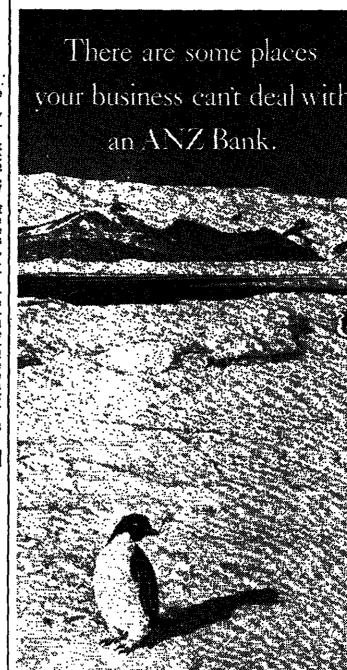
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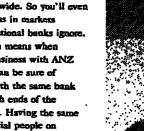
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France Exactly what is the French Crisis a Property: Troubled EIE International is being offered a helping hand by Tokyo bankers18 Residing finances The effect of credit rating agencies on raising new investment.

the management issue of the 1990s

US banking. An optimistic view of the present

Investing in Germany: Red tape is hampering

Greek archaeology: The art and politics of

Management: Corporate renewal has become

Companies

Arts Guide + Reviews World Stock Markets Commodities -

Sudanese government accused of profiting from civil war The government of President Omar Has-

san Ahmed el Bashir of Sudan stands accused by aid work-ers of "wilful evil" in using profits from sell Ing relief supplies to buy arms to continue a

STERLING DOLLAR New York It FFr5.202 \$1.906 (1.906) SFr1.2885 DM2.92 (2.92) Y136,4 FFr9.8975 (9.915) SFr2.455 (2.4625) Y260.0 (260.5)

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Chief price changes

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yleid: 8.30%

2,529.21 (+6.44) S&P Comp 316.12 (+0.68) Tokyo: Nikkel 22,897.84 (-838.73) LONDON MONEY 3-month Interbanic closing 13發% (13發) Liffe long gilt future: 89% (Mar 90½)



a world of difference

By Peter Riddell, US Editor, in Washington

THE US Congress is at last preparing to take a position on whether military action should be taken to force Iraq out of Kuwait - and the signs are that the Senate and House will both, possibly narrowly and with misgivings, back Presi-dent George Bush's stand. The House of Representa-

tives will start a debate tomorrow which should be concluded by Saturday, while the Senate hopes to reach a vote by Mon-day, the day before the expiry of the United Nations deadline. Until the last few days Dem-ocratic leaders had sought to avoid bringing the matter to a head, fearing the impact, both domestically and externally, of

They argued that taking a view on possible military action was hypothetical since

Opinion polls show growing support for Bush

that was not imminent and it was still too early to decide whether or not sanctions against Iraq were working. This was mixed with the desire This was initial with the deale of legislators to prevaricate, to avoid being pinned down on the hard choices of backing a war or of appearing to under-

mine the president.
But now both Sen Mitchell and Mr Tom Foley, the Demo-cratic Speaker of the House, recognise that, with the Baker/ Aziz meeting today, the time has come for Congress to take

The House is likely to consider three resolutions - one expressing the view that the constitution requires the president to seek congressional approval before going to war, a second urging continuation of economic and diplomatic pres-sure against Iraq; and a third endorsing a resolution authorising military action on the lines of the November 29 UN resolution. The Senate is likely to debate a resolution on congressional approval of military action, but, under its rules, that could be subject to amend

The White House may also send up a draft resolution, pos-sibly like the UN resolution. Its main aim is that whatever emerges from Capitol Hill should not limit the president's

The debate has been at various levels - the longstanding constitutional tussic over the prerogatives of the Congress in declaring war (last exercised in declaring war (last exercised in December 1941) and the rights of the president as commander in chief to order military action; the possibility of sustaining sanctions policy; and whether war is justified.

The approach of the UN deadline has shifted the debate. While many in Congress will argue that sanctions should be given more time.

should be given more time, they accept the president is determined to force the issue now and they have to back him

or oppose him.
Opinion polls reveal growing backing for the president's policy. A new Washington Post/ABC News poll yesterday showed an increase in backing for Mr Bush's handling of the colois and a rise from 55 per crisis and a rise from 55 per cent to 63 per cent since mid-December in the proportion supporting a war if Iraq has not withdrawn by next week. However, if the possibility of sizeable American casualties is mentioned expectation to year mentioned, opposition to war increases substantially.

There are already growing public protests against a war, though they are nothing like the scale of those seen during

the Scale of those seen during the Vietnam war.

Many doubters in Congress are likely to rally behind the president now - and no doubt blame him if things go wrong. Sen Robert Dole, the Republican minority leader, has forecast that the Senate will approve a resolution authorising force by around a 50 to 40 sing force by around a 60 to 40 majority, while Mr Foley believes such a resolution will pass the House, though not necessarily by the margin Mr Bush would like.

NEWS IN BRIEF

Kuwaitis attempt to unblock banks' assets

The Central Bank of Kuwait, operating from exile in London, is seeking to have assets of Kuwaiti banks unfrozen so that they can settle their obligations, writes David Lascelles, Banking

It said yesterday that it had applied to the authorities in all the main financial centres where Kuwaiti assets were frozen after the fraqi invasion last August. Once the freeze has been lifted, the Bank said Kuwaiti banks would discharge all their international obligations except those in

Kuwaiti dinars. The bank says it is confident that Kuwaiti banks will be able to meet their obligations, but it stands ready to offer

The Bank of England has already indicated its willingness to unfreeze assets in the UK once satisfactory arrangements have

More Mideast flights stopped

Alitalia, Singapore Airlines and Philippine Airlines yesterday became the latest of a growing number of international carriers to cancel flights to the Middle East because of soaring war insurance premiums, writes Paul Betts, Aerospace Correspon-The Italian flag carrier said it was temporarily suspending

The Italian flag carrier said it was temporarily suspending flights to Israel for insurance reasons.

Singapore Airlines said it will stop flying to Cairo from January 14, the eve of the UN deadline for Iraq to withdraw from Kuwait. Philippine Airlines also decided to cancel until further notice all flights to the Gulf region including services to Dubai, Dhahran and Riyadh. The carrier's flights to Europe are to be rerouted from the Gulf area.

UK attacked on Gulf damage

Answer Services of the Control of th

The British government came under attack from the Labour The Errush government came under attack from the Labour Party yesterday for taking a "dismissive attitude" to the possibility of environmental damage that could be caused by a Gulf war, writes John Runt, Environment Correspondent.

Further claims of environmental disaster in the Gulf region were also made by scientists at a London press conference organised by the Green party. They said that oil slicks from damage to tankers and offshore oil installations would destroy fish which form a big element in the diet of the local populations.

form a big element in the diet of the local populations.

Mrs Ann Taylor, Labour's shadow minister for environmental protection, issued a statement saying that Mr John Wakeham, Energy Secretary, had "dismissed out of hand" the possibility of serious environmental damage as a result of a conflict.

A burning issue, Page 17

Bonn probes embargo violations German officials are investigating seven companies suspected of violating the UN trade embargo against Iraq, AP-DJ reports from

Holating the UN trace embargo against Iraq, Ar-14 reports from Bonn.

Four of the companies are suspected of seriously violating the embargo, while three are being probed for less serious infringements, a Bonn government official said yesterday.

The official declined to identify the seven or provide any details on how they allegedly broke the embargo imposed after Iraq's August 2 invasion of Kuwait.

Iran and Iraq agree buffer zone Iran and Iraq, in another step towards a formal end to their eight-year war, will pull their last remaining border forces behind a 1km-wide buffer zone today, according to the Iranian foreign

ministry, Renter reports from Nicosia.

The statement coincided with the arrivel in Tehran of the most senior iraqi delegation since the 1979 Islamic revolution.

Belgium 'undecided' on terrorist

The Belgian government says it has not yet decided whether to release Nasser Saeed, a Palestinian terrorist in exchanged for four Belgian hostages whose release was announced on Monday by a radical Palestinian guerrilla group in Beirut, AP-DJ reports

The group led by Abu Nidal, the terrorist mastermind said it has released the four Belgians and "they will be handed over to Belgium within 48 hours".



British Prime Minister John Major in Saudi Arabia yesterday riding on a tank with the Desert Rats in the desert

Prime Minister Major sees his army on the move towards Kuwait

Fear and resolve mingle in desert

YESTERDAY it was the stuff of adventure stories: a time for that British stiff upper lip, for talk of doing the job that had to be done, of relish at the prospects of some "real soldiering"

But in the hostile desert sands, apprehension mingled with the resolution. In perhaps little more than a week may follow the grim task of counting the dead and wounded, of comforting wives and children.

As Mr John Major, the UK prime minister, flew across eastern Saudi Arabia yesterday to meet the British troops moving north towards Kuwait there could be no doubt that this was an army making the final preparations for war.

From the windows of the Puna troop-carrying helicopters in which his party travelled, the desert appeared littered with the machinery of

Tanks and other armoured vehicles - hundreds upon hundreds of them - crawled or squatted in the sand like a plague of beetles. The desert wadis, once hospitable resting places for local tribesmen, have been turned into armed encampments by the nearly 400,000 foreign ground troops ranged against Iraq.
On the ground, Mr Major was there to do the job of a political leader: to explain to

the soldiers sweating by day

By David Marsh in Bonn

MR Hans-Dietrich Genscher,

the German foreign minister, master juggler of east and west, is used to lacing state-ments with messages designed

to find separate appeal with

in Washington that Bonn may break ranks with Nato, Mr Genscher, is sticking to the let-ter of the UN resolution calling for unconditional Iraqi with-

drawal. On that, in his talks in

Bonn yesterday with Mr James Baker, US secretary of state,

there was no disagreement.

Mr Genscher is also stopping

short of proposing automatic

"linkage" between an Iraqi withdrawal and other ques-

tions in the Middle East, nota-

bly a resolution of the Palestinian question. But, in an important difference from the

US and Britain, Mr Genscher is trying to get the message across to Baghdad that, if haq pull out, rewards of one sort or

another will be in the offing.

According to a Bonn foreign ministry official yesterday, Mr Saddam has already won a prize of sorts by putting the Palestinian problem firmly on

Alive to constant suspicion

THE UK has reduced the number of army reservists being called up for medical duties in support of its forces in the Gulf as a result of a fresh inflow of volun-teers, writes David White,

Defence Correspondent.

Plans to call 250 former servicemen of the regular Army Reserve into compul-sory service have been reduced by almost half - at least for the time being.

and freezing by night that theirs was a just cause; that they could be confident of victory; that the people of Britain were proud of them. He did it well. There was no hint of jingoism, but instead a down-to-earth explanation of why President Saddam Hussein could not be allowed to triumph. There was the hope, too - expressed frequently -that even at this stage the Iraqi leader might regain a

grip on reality. The officers commanding the 4th Armoured Brigade the "Desert Rats", trace their regimental ancestry to the famous victories against Germany in the desert of North Africa - took on a different role. In accents cut in the public schools of the home counties they told the prime minister and the accompany-ing press that they were willing and ready for the frighten-

Germany's master juggler

tries to sustain peace hopes

to the international agenda. Mr Genscher's task in trying to

head off war is based, the offi-

cial said, on trying to give lraq's leader the correct "politi-

interests to withdraw, the offi-

cial said: "If he really wants to help the Palestinian people, and become a hero in the Arab

world, then he has to play the Kuwaiti card."

supposes that if war takes place the Palestine Liberation

Organisation will line up with lraq, and there will be no chance of an international con-

sensus on Palestine for years. Mr Genscher saw Mr Abdul-Jaber Omar Ghani, the Iraqi

ambassador to Bonn, four times during the Christmas period to discuss the Gulf. Over the need to keep the dia-logue open with Baghdad, there is no disagreement with London and Washington.

There is, however, potential or discord with the US and

Britain over Mr Genscher's suggestion of the prospect of free elections in Kuwait and

The German argument pre-

cal analysis" of his position. Spelling out why Bonn believed it would be in his own army medical support – about 1,000 including both volunteers and called-up reservists - almost a quarter are women

ing task of dislodging the

more than 500,000-strong Iraqi

In addition to the army

reservists, 140 part-time members of the Royal Auxil-

iary Air Force are being called up to provide a medical evacuation squadron for possible Gulf casualties.

Of the total involved in

army from Kuwait. Surveying the battle group of Challenger tanks and War-rior troop carriers which will be in the front line of any attack, Lieutenant-Colonel Andrew Larpent had not a shadow of doubt about his soldiers' morale. They were tell-ing him that: "This is what I joined the army to do. This is real soldiering." Those men, too, appeared outwardly sanguine. They spoke of them-selves as professionals, they took pride in their skills, they were confident of a rapid vic-

There were gripes - about cuts in allowances, about the Saudi prohibition on alcohol, and about the absence of female companions. Their gas masks and protection suits were not enough to quell the

removal of the al-Sabah ruling

family if Mr Saddam complies with the UN resolution. The

argument about "democratis-

ing" Kuwait cuts little ice with the Iraqi dictator, but is a

potent way for Mr Genscher to

show German public opinion - already unnerved by the send-

ing of 18 ageing Luftwaffe fighters to south-east Turkey -

that he is working for peace.

The difference with the more
hawkish tones of London and

Washington reflect strategic

and even cultural divergences between Germany and Nato's

chief military powers, which are becoming more marked now Germany is unified.

Germany sat for 40 years of division on a European powder

keg where the two competing

power blocs were kept apart.
But in spite of this experience,
and partly because of it, Germans, branded and tamed by

second world war defeat, are no great believers in the power

Today's Germans decisively favour Mercury, the god of trade, to Mars, the god of war. In perhaps only a week's time, they will know who wins.

of force to produce peace.

Moscow takes firm line on **UN** deadline

chemical or biological retalia-

tion by the Iraqis.
They were subdued. As they

sat in a semi-circle on the sand listening politely to their prime minister there was no bravado, no calls for a speedy

attack. The unspoken hope was that it may still not come

After a few snatched con-versations with the young sol-

diers it was not bard to under-

stand why. The military technology assembled by the Americans and British is

indeed, to use a current cliché, awesome. But the men of the Royal Regiment of Fusiliers under Col Larpent's

command will fight as brutal a war as any which has come

Still in his teens, an infan-

tryman from Lancashire explained quietly that he would go into battle in the back of a Warrior.

It would take him to the

Iraqi trenches where he would

fight with his rifle and his

bayonet. He had trained hard for it. It was OK now in the desert, but would there really

be a war? "I'm scared," he

said. He should be. As Mr Major flew south

again to Dhahran a convoy of military vehicles moved north on the road below him. Last week it would have been

tanks or armoured personnel

carriers. Yesterday, it was military ambulances.

PRESIDENT Mikhail Gorbachev's spokesman yes-terday rejected any move to relax the UN deadline of Janu-ary 15, writes Quentin Peel. In a statement closely sup-nerving the western allies'

porting the western allies' position on Kuwait, Mr Vitaly Ignatenko insisted that the key to any solution was "understanding on the part of the president of Iraq that the threat of military action is

very real."
He still stressed the need to exhaust every opportunity for a peaceful settlement to the crisis, but he was more forthright in his support for the UN resolutions than some recent Soviet comments.
The Soviet Union meanwhile

responded yesterday to the embarrassment of having a ship seized in the Red Sea by US and Spanish naval ships, denying that its cargo of military spare parts was bound for the careties of th Iraq. "This is another attempt to throw doubt on the actions of the Soviet side in complying with UN resolutions," a For-eign Ministry statement said. It insisted that the ship was carrying spare parts and main-tenance equipment for the Jor-danian military.

12 19 26 13 20 27 Western missions

begin destroying sensitive papers

By Tony Walker in Baghdad VISITORS to Britain's quaint stucco embassy on the banks of the Tigris these January days are likely to experience an acrid smell and notice charred fragments of paper wafting annual the courtvard. ground the courtyard.

The British embassy, like other foreign missions in Bagh-dad, is destroying sensitive documents as fears of war increase before next Tuesday's deadline for Iraq's withdrawal

from Kuwait.

All missions are making All missions are making plans to evacuate their nationals in the event of war. These plans are likely to be activated if talks today fall between Mr James Baker, the US secretary of state, and Mr Tariq Aziz, the Iraqi foreign minister.

Opinion is divided among western officials in Baghdad about prespects of a last-min-

western thickets of a last min-about prospects of a last min-ute compromise, but there is little sign of Iraq agreeing to withdraw from Kuwait by January 15. As one western ambassador said yesterday:
"It's very depressing. I can't see any way out at the moment." Britain has about 30 nationals left in iraq, including six embassy staff, having trimmed staff in the mission from 24 last week.

A British official said that in

A British official said that in consultation with representatives of other European Com-munity countries various options for the evacuation of UK citizens were under consideration, but he declined to give

Escape routes include those overland through either Jor-

dan, Turkey or Iran. Iran Air. ways, which operates daily ser-vices to Amman, is fully booked until January 21. Western officials said like; if the slide to war accelerates after today's talks, waiting lists for scarce berths out of the country are certain to

January 1994

the country are cerrain to lengthen.
Embassies are, meanwhile, scaling down or withdrawing staff altogether.
Germany pulled its ambassador and other embassy staff out of Baghdad yesterday, but said it had not closed its mission in the capital.

The withdrawail came and The withdrawal came and reports that Iraq was anyway poised to eject German diplo-mats following Bonn's recent

mats following Bonn's scan expulsion of seven frantis. The United Nations staff union also called for the systemation of the organisation is remaining workers in the city who, it said, were in 'immediate danger'.

Officials at the US Emissay, reduced to a skeleton staff, estimate that in 3½ minutes they can destroy all their seven

they can destroy all their sensitive documents. ve documents. Modern technology is help

motern technology is appring preparations for a valck exit. A vetern western offsial recalls that when the 1967 war broke out — he was in Danascus at the time — he stayed up all night shredding sensitive documents but Infras its ide documents, but before the jeb

der burned out.
"Now," he said, with satisfaction, "I'm pleased to say we have an indestrial model."

IEA calls emergency meeting on war plan

THE International Energy Agency has called an emer-gency meeting for Friday in an effort to co-ordinate its member governments' plans to deal with a disruption in oil sup-plies should a war break out in the Gulf.

The agency will be discussing whether to release oil stocks into the world market or to impose measures to cut energy consumption in the event of hostilities. Any deci-sion taken on Friday will not be implemented unless there is a war in the Gulf. Stocks of oil held by the 21

industrialised countries that make up the IEA are at just over 1bn barrels - their highest level for many years. In addition, current supply to the market is more than adequate and better than anyone could have imagined in August, the

IEA says. At the beginning of this

year, government and company stocks of oil were equal to 96 days of the IEA countries entire oil consumption – the highest level reached in any January since 1982. At the same time, the amount of oil at

sea, in transit or as floating stock, is also extremely high.
Nevertheless, the agency
believes that its members
should be ready to act rapidly if there is any interruption in Gulf oil deliveries as a result of

All member governments have contingency plans in case war breaks out. As well as releasing their stocks to the market, they could restrain demand by lowering speed lim-its, for example, encouraging fuel switching and turning the heating down in government buildings.

Oil prices remained steady in London trading yesterday after Monday's large rises.

Helicopter defection denied

THE anti-Iraq alliance yesterday suffered a propa-ganda own-goal when Prince Sultan bin Abdul-Aziz, the Saudi defence minister, denied reports that crews of six Iraqi helicopters had defected to the kingdom, Our Foreign Staff However there was confu-

sìon in Saudi Arabia last night over the whether there had been a defection. Some western officials said that the denial appeared to reflect differences within the Saudi hierarchy about the way the information was released.

cessions will not be wrung out of Israel against its will. But

yesterday Mr Levy also spoke of potential opportunities after the Gulf crisis for peace talks with individual Arab states, repeating an earlier call for direct negotiations with Syria without preconditions.

The official Saudi Press Agency said the prince called the reports "unfounded in form and content", in remarks dur-

and content, in remarks during a graduation caremony fix Saudi pilots.

US officials had originally said four Iraqi helicoptess landed at Ras al-Khafit hear the border with Kuwait, and that their crews sought to defect. Two other trad helicopters were said to have landed after running out of fuel. after running out of fuel.
US officials in Washington
were yesterday reluctant to
comment on Saudi Arabia's

Fears grow Iraq may launch attack on Israel

FEARS are mounting in Israel

that Iraq will carry out its threats to attack the country. In November and December, a series of attacks on Israelis, some fatal, by Palestinians incensed by the killing of almost a score of their number by Israeli police on the site of

Jerusalem's hollest Moslem shrine superseded the Iraqi threats as the most serious everyday security concern.

Now the imminence of the UN deadline for Iraq to withdraw from Kuwait has revived public anxiety that President Saddam Hussein may fire long-range missiles with chemical warheads at Israel either

before or after any US-led attack on his forces.
"Have you got all your

essential supplies ready?" a woman asked a neighbour returning this week to Jerusalem from a trip overseas. She went on to list the steps each household is officially recommended to take, including sealing an interior room against gas attack and laying in provisions protected against contamination. "Go to the pharmacy and get a first aid kit," she counselled.

Public unease has been exacerbated by the decision of eight foreign airlines to suspend flights to Israel and advice by several foreign governments to their citizens to leave, a move many foreign families and a few Israelis have already made. Fears of war are tempered by

threat expressed by senior gov-ernment figures, including President Chaim Herzog and Mr Moshe Arens, the defence minister. They have said this week that an Iraqi attack remains unlikely in any cir-cumstances and, even if it occurs, the missiles are capable of inflicting only limited dam-

This does not mean the military is complacent. Aside from the missile threat, there is concern that unrest in the occupied territories will escalate if Iraq is attacked. Many Pales-tinians fear Israel might take military action against Jordan if it felt pro-Iraqi sentiments there threatened its security. There has been a vociferous political debate on these

issues, with the opposition Labour party urging restraint on the Likud party-led hardline coalition. Mr Yitzhak Rabin, a former Labour prime minister and defence minister, said on Monday Israel should avoid a "knee-jerk" military response if iraq attacked after Gulf hostilities began in order to try to drag Israel into war.

Beyond the military threat the long-term worry is over the political pressure to settle the Palestinian issue Israel now expects to face once the Gulf crisis is resolved. Both Mr Yitzhak Shamir, the prime minis-ter, and Mr David Levy, the foreign minister, have warned recently of the need to prepare for these "dangers".

They are adament that con-

Mr Shamir says such oppor-tunities would take months to realise. In the meantime.

Israel's primary concern is the neutralisation of Iraq. Mr Levy repeated yesterday that Israel would not be satisfied by a simple Iraqi withdrawal from Kuwait. It wanted curbs on Iraq's military strength, an end to its nuclear weapons programme and other security arrangements to prevent a revival of threats by Baghdad.

The Financial Three (Europe) Life
Published by the Financial Three
(Europe) Ltd., Frankfurt Breach
(Europe) Ltd., Frankfurt Breach
(Guiofenturases 24, 6000 Frankfurt-sem
Main 1: Telephone 669-75986; Fax
069-722677; Telex 416193 represented
by B. Hugo, Frankfurt/Mais; and, an
members of the Board of Directors,
RAF, McClean, G.T.S. Dumer, A.C.
Miller, D.E.P. Palmer, London, Printer:
Frankfurter Sociences-DruckerelGmbH, Frankfurt/Mais: Responsible
editor: Richard Lambert, Financial
Times, Number One Southwark Bridge,
London SEI 9HL. The Financial Times
Ltd., 1991.

Registered office: Number One, Southwark Bridge, London SEI SHL Company incorporated under the Saws of England and Wales, Chefrman D.R.P. Pahner, Main shareholders: The Finnscial Times Limited, The Finnscial News Limited, Publishing directors: R. Hughe, 168 Rue de Rivoll, 75044-Paris Coder. Office of the Company of the Company of the Coder. Selfort Richard Lambert Philips, 16497 0629, Editor; Richard Lambert Philips, 59100 Routals Coder. 1, ISSNE ISSN 148-2753. Commission Paritaire No. 67808D.

Financial Times (Scandinavia) Outer-gade 44, DK-1100 Copenhages-K. Denmark. Telephone (33) 13 44 41. Pax (33) 938335.



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Darman expected to reveal US federal shortfall is close to \$300bn

Budget deficit estimate to soar

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THE US recession is expected to cause a substantial upward revision in official estimates of this year's federal budget deficit, wiping out the short-run benefits of the budget agreement painfully negotiated between Congress and the

White House last year. In October, Mr Richard Darman, the budget director, estimated that the defi-cit would rise to about \$253bn (£131bn) this year compared with \$220bn in fiscal 1990. This was after allowing for about \$40bn of savings as a result of the bud-

But given the deterioration in the economy, Mr Darman is expected shortly to announce a revised figure of

Post newspaper said the Bush administration had increased its deficit estimate by about \$50bn as a result of the on and would announce a shortfall of between \$300bn and \$325bn when the fiscal 1992 budget was released on

February 4. This figure would exclude as much as \$30bn of the costs of the Desert Shield operation in the Gulf and include a surplus of about \$66bn on social security the national pension scheme.

Taking both these factors into account, the operating deficit could thus exceed \$400bn, the largest in his-

A senior official confirmed that the recession would cause an upward revi-A leak in yesterday's Washington sion in the deficit, but doubted that the

announced figure, inclusive of social security, would exceed \$300bn. This, however, would represent a serious blow for Mr Darman's budget-

cutting efforts.

Last January, before the full cost of the savings and loan bail-out were apparent, he projected a deficit for this year of just over \$100bn.

An increase in the estimated deficit, while embarrassing for the administration, would be of little practical relevance for Congress. Under the terms of last October's

budget accord, the US is targeting federal spending rather than deficits as such. An overshoot due to the weakening economy will not trigger automatic

Economic optimists undaunted by US recession The collapse of the Bank of New England, the region's third largest likely duration and depth writes Michael Prowse

bank, is a sobering reminder that parts of the US are experiencing their worst post-war downturn. But although the existence of a national reces is now widely accepted, many economists remain sanguine

The optimistic school was given a mild boost by last Friday's employment report. The unemployment rate rose from 5.9 to 6.1 per cent, the highest level for three years. But the drop in payroll employment in December was modest relative both to analysts' expectations and the standards of preceding

months. Non-farm employment fell by 76,000 to just over 110m, compared with drops of 259,000 and 180,000 in November and Octo-

Manufacturing escaped particularly lightly, losing only 30,000 jobs against losses of 200,000 in November and an average of 60,000 in the previous three

The employment report may prove an aberration; such fig-ures are often heavily revised. But it deserves attention because it provides a detailed guide to the health of different sectors and arrives sooner than most other official statistics.

The: only other important indicator for December so far available is the purchasing man-

likely duration and depth, writes Michael Prowse successive fall, hitting 40.4 per cent, the lowest level since the 1981-82 recession. A level below

44 per cent is generally thought to signal a broadly-based reces-This latest reading can only be construed as bad news. But

in percentage terms the fall of the index in December was only half as sharp as the fall in November. Like the employment report, it may indicate that the rate of contraction of the economy eased slightly last This is unlikely to signal a

bottoming out of the recession, but it marks a contrast with November, when the data were uniformly ghastly. Then unusu-ally weak employment figures were followed by a 1.7 per cent plunge in industrial production and a 5.9 per cent drop in new orders for manufactured goods - the sharpest monthly decline on record.

Optimists can also cits a cou-

nie of moderately encouraging industrial surveys. Shortly before Christmas, the Commerce Department's survey of investment intentions indica a real rise in plant and machinery spending of 0.4 per cent this This is far from healthy - it

would represent the worst performance for five years. But if a really deep recession were in agers' index.

This broad measure of industrial health registered its sixth

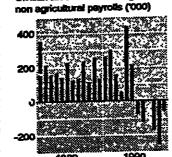
really deep recession were in the offing, say some analysts, planned investment expenditure

gross national product, with the sharpest fall occurring in ought to be a lot lower. in a separate survey released on New Year's Eve, the Comfinal quarter of last

merce Department forecast that 60 per cent of US manufacturing industries would continue to grow this year, albeit sluggishly, mainly because of the forecast strength of exports.

This picture of an economy continuing to keep its head just

US Employment Civilian labour force changes,



above water despite recent cuts in production is understandably popular with the Bush administration, whose official line remains that the recession will be mild and short-lived.

A leak of the White House's most recent forecast, prepared to give preliminary guidance for departments preparing their fis-cal 1992 budgets, shows only quarters of declining

GNP declines at an annual rate of 3.4 and 1.3 per cent respectively in the fourth quar-ter of last year and first quarter of 1991.

Thereafter, an initially anae-mic recovery begins, with GNP rising at an annual rate of 0.7 per cent between April and per cent between April and June and at about 2 per cent in the second half of the year.

Overall growth of 0.9 per cent

is projected between the fourth quarter of 1990 and the final period of 1991. Given the White House's reputation for optimistic forecasts, it would be unwise to place

much reliance on these num-bers. However, the majority of private-sector forecasters are also projecting two or, at most, three quarters of negative growth followed by a recovery later in the year. Some believe the downturn

will be brief. Goldman Sachs, for example, expects the fourth quarter of 1990 to be the only negative quarter of this down-turn: GNP is projected to decline at an annual rate of 4.4 per cent between October and December but to grow throughout this year, albeit sluggishly.
Ms Gail Fosler, chief econo-

mist at the Conference Board, a

casting group, has been consis-tently bullish. She brushes aside pessimism, arguing that the economy will rebound in the first half of this year, supported "lower interest rates

inflation and a lower dollar". The optimists' fundamental argument is that recent production cuts have been precautionary rather than a response to collapsing demand.

Companies were unsettled by the Gulf crisis, saw reports of plunging consumer confidence and pushed through pre-emptive cuts in output and employment. But, runs the argument, in the absence of a sharp fiscal or monetary squeeze, final demand will not fall precipitously. Cor-porate confidence and output will thus recover.

These arguments may easily prove complacent and short-The biggest risk - the Gulf aside - is that the fragility of

the banking system and the unprecedented burden of private debt will undermine recent attempts to ease monetary pol-icy. Recession abroad may also extinguish hopes that exports will support growth.

Meanwhile, the sickness of falling real estate values may That said, the optimists' case

deserves a hearing. Provided a Middle East war is avoided and oil prices remain moderate, a shallow US recession cannot be ruled out. Nobody, however, expects a recovery later this year, or in 1992, to be anything but lack-

It has also stepped up attacks on the constitution, which ministers say needs significant reform to enable fiscal cuts to be implemented. The moves are in resp to mounting criticism that the government is overly reliant

on monetary policy in its bat-tie against inflation. The economic team unveiled the \$4bn cuts - equivalent to more than 1 per cent of gross domestic product - while voicing surprise at last month's inflation rate of

to cut 1991

THE Brazilian government is

to launch a fresh round of

spending cuts aimed at saving

more than \$4bn (£2.1bn) this

spending

by \$4bn

By Christina Lamb

in Rio de Janeiro

almost 20 per cent, State companies will also be required to make cuts - saving the equivalent of a further 0.3 per cent of GDP - and recently elected state governors will have to avoid increased spending.

President Fernando Collor de Mello was set yesterday to accelerate the privatisation programme by announcing 10 more companies for sell-off. These would include Compan-hia Siderurgica Nacional, a large bankrupt steel company, and Acominas, Brazil's fifthlargest steel maker.

One of the Collor government's biggest successes last year, on paper at least, was to turn the fiscal deficit round from a projected 8 per cent cent surplus.

The surplus was mainly due to the moratorium on external and domestic debt, the servicing of which represents 75 per cent of government outgoings. With the resumption of these payments, massive spending cuts will be needed to keep the deficit under control.

Ms Zelia Cardoso de Mello, the economy minister, said changes in the constitution would be necessary to carry through these measures. She pointed out that the constitution, revised in 1988, guaran-tees job tenure for civil servants with five years' service, which hampered plans last year to sack 360,000 bureau-

Brazil seeks | Serrano faces tough challenge uniting a divided Guatemala

Jdent-elect, Mr Jorge Serrano, is an ambitious man. Having won last Sunday's run-off ballot for the presidency, his self-appointed task when he takes office next week is to unite a country divided by race, religion, a 30 year-old civil war, and an economy in which 60 per cent of the country's wealth is distributed to a privileged 5 per cent of the

population, while more than 70

per cent live in extreme pov-It is a task his predecessor, the outgoing Christian Democrat president Mr Venicio Cerezo Arevalo, attempted with

only limited success. Emerging after a decade of military rule, President Cere-zo's civil administration found its hands tied as soon as it ventured into any area which the military considered its domain, including key areas of economic policy. He survived two military coup attempts during his five years in office.

One of Mr Serrano's priori-

ties is to negotiate a definitive peace settlement with the country's left-wing URNG guerrillas; the first obstacle is that hardliners in the army refuse to participate in any

negotiations.
Mr Serrano is therefore proposing a gradual military and police reform, offering a pardon for human rights violators in return for their retirement

from the security forces. He claims the hardliners are now a minority, and that con-stitutionalists in the military are ready and willing to assume leadership.
Combined with reforms to

URNG will then come back into the constitutional fold and lay down their weapons. Several other factors work

against Mr Serrano's possible Drug-trafficking has become

a major problem. Guatemala is now an important staging post in the cocaine trail leading from Colombia to the US and Europe. Traffickers operate under an umbrella of corrupt police, army and customs officials. Weeding them out will be no easy task. Meanwhile, the economy is

facing potentially its most serious balance of payments crisis problem facing Mr Serrano.

UATEMALA'S presi- in decades. About \$330m (£170.9m) is overdue in foreign debt service payments, and a further \$600m falls due during 1991. More than 75 per cent of this is owed to multilateral and bilateral institutions, on loans already made on concessionary terms. There is little room for

manoeuvre. Fiscal reforms, abandoned by President Cerezo, will have to be reconsidered by the new president. Government finances are under growing pressure, while a recent study shows less than 100,000 individuals and companies pay income tax out of a population

President-elect must combat an obdurate army and deep social injustice, writes Tim Coone

Reforms imply political con-flict, however, and those most able to pay are also the most

Mr Serrano gave a hint that he intends to do battle when he said this week: "I take office having made no promises to any powerful interest group". His Solidarity Action Movement (MAS) party has only a minority share of seats in the

116-seat Congress, and he will have to seek alliances with the Christian Democrats, with their strong rural base, and the progressive export-oriented business sector. On the economic front he is

likely to opt for financial and trade liberalisation policies allied with fiscal and even agrarian reform - to improve wealth distribution.

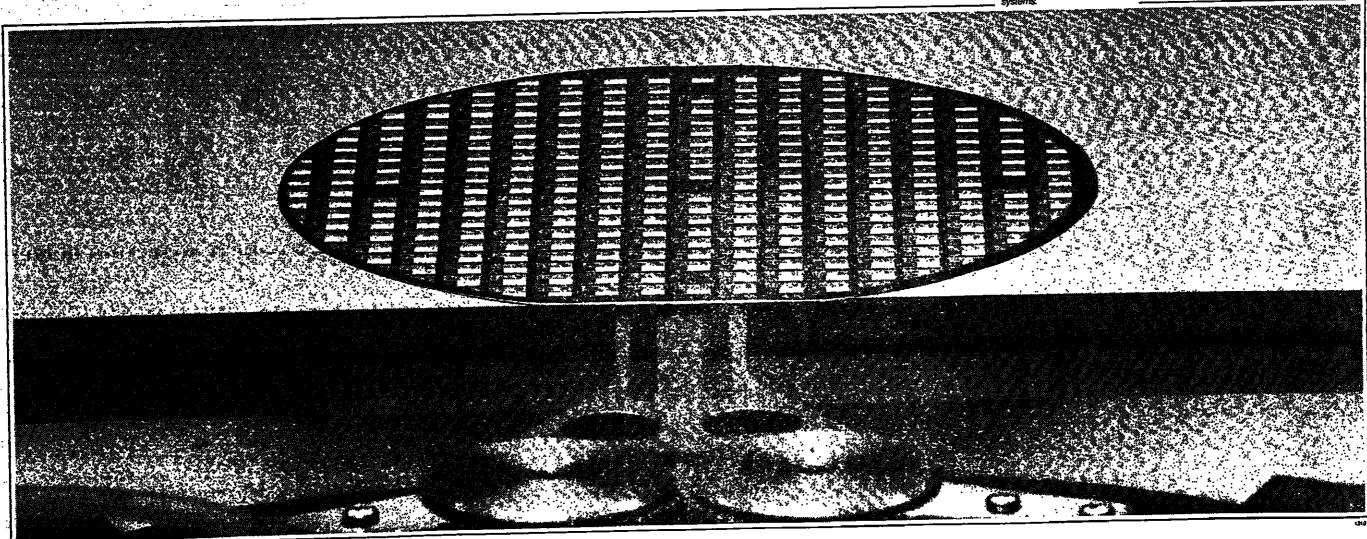
As a protestant evangelical, Mr Serrano breaks with a tra-dition of Catholic heads of state in Guatemala, and as such has the opportunity to reach out to the country's majority Indian population, which has suffered centuries of

discrimination and oppression.

The exclusion of the Indians from most of the country's wealth is arguably the biggest

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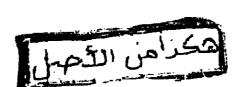


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which landed a medical team

in the strife-torn capital on

Monday, suggested that fighting had eased and the govern-

ment remained in control of

Congress claimed yesterday

that a final battle had begun to oust President Mohamed Siad

Barre after 21 years of dictato-

team of doctors and nurses, which made contact with its

Brussels office through the

Italian embassy in Mogadishu yesterday, said that although there was some shooting it was

over downing of

THE Soviet Union yesterday expressed regret over the 1983 downing of a South Korean

sirliner that left 269 people dead, but denied it covered up

the incident, AP-DJ reports

Korean people were killed . . . We will check with

concerned authorities and let

you know if there are any new findings." Mr Igor Rogachev.

deputy Soviet foreign minister

Mr Rogachev made the com-

ments during the first consultative meeting with South Korean officials in Seoul. It was

the first such meeting since the two nations established

formal diplomatic relations

During the meeting, South Korean Vice Foreign Minister Yoo Chong-ha asked if there was any truth to a recent

report by the Soviet newspa-

per Izvestia that Soviet divers long ago discovered the wreck-age of the Korean jet. Izvestia

reported that military divers "climbed all over" the KAL

told South Korean officials.

"We regret that innocent

Soviet 'regret'

S. Korean jet

But the seven-person MSF

The rebel United Somali

most of the city.

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By Julian Ozanne in Nairobi CONTINUED fighting in the war-devastated Somali capital fairly quiet in the city and predicted the conflict could conof Mogadishu yesterday pretinue for a long time. The MSF reports are the first vented a further air evacuation of those foreigners still trapped ndent analysis made by Meanwhile, the US said its foreigners who have entered in the city. But reports from Médicins the city since the conflict San Frontières (MSF), the international relief agency began 10 days ago. They appear to confirm sus-

Fighting in Somali halts

evacuation of foreigners

picions that rebel organisations issuing statements from foreign offices have little contact with their fighters on the Radio Mogadishu broadcast

again yesterday afternoon after a 24-hour break, appealing to people who had fled their homes to go back because everything has now returned

to normal". A further 47 foreigners were evacuated yesterday morning from Merca, 40 miles south of Mogadishu, to the French repair ship Jules Verne. But two Italian C130 Hercu-les transport aircraft remained

grounded in Mombasa, Kenya, because officials said the risks of flying into Mogadishu were

embassy in Somalia was ransacked "by looters [who] used rocket-propelled grenades to blast down doors and remove office furniture." Mr Richard Boucher, a US

State Department spokesman, also said that he thought the situation in Mogadishu was so anarchic that chances for a negotiated settlement to the conflict appeared slim. Western diplomats in Nai-

robi said yesterday the situa-tion was still very confused. However, it is believed that Mr Barre, surrounded by heavily armed members of his own Marehan clan, could hold onto power for several weeks as the late President Samuel Doe of

Two Philippine army dissidents arrested

TWO leaders of a mutinous army faction were arrested by Philippine security forces as they stepped out of a Manila church after attending a service, the armed forces said on Tuesday, Reuter reports from

Army chief Major-General Guillermo Flores told reporters the arrests of Lieutenants Mr Vicente Tomas and Mr Emil Ong on Sunday dealt a major blow to rebel plans to launch destabilisation attacks against the government during the Gulf crisis.

An army spokesman said Mr Tomas and Mr Ong were seized by soldiers after attending the baptism of Mr Tomas's daugh-

The armed forces said Mr Tomas was the operations officer of the Young Officers Union (YOU), a radical army group involved in the December 1989 coup attempt that almost toppled President Cora-

zon Aquino. It said Mr Ong, who was imprisoned after the failed coup but escaped while on a pass to see his dentist, acted as ments denouncing Mrs Aqui no's allegedly weak leadership.

Their capture...will surely disrupt if not totally destroy the future plans of the (rebels) to destabilise the government, especially those monitored to have been planned to be car ried out by them amidst the Gulf crisis," Mr Flores said. Government forces on Janu

ary 1 recaptured renegade Air Force colonel Mr Rodolfo Calzado who had escaped from jail after being convicted of taking part in a 1987 coup attempt and sentenced to 12 years imprisonment by a military tribunal. Mrs Aquino has survived seven army rebellions in her almost five years in office.

Defence Secretary Fidel Ramos said last weekend a war in the Gulf could spark civil unrest in the country and a combined right-wing army coup attempt and communist. led uprising.
The armed forces say about

100 officers involved in coup attempts remain at large try-ing to recruit other soldiers to

Charges revived in-**Pakistan** by-elections

Pakistan's ruling alliance looks set to sweep by-elections in Pakistan on Thursday - and to revive the charges of fraud that followed October polls in which ousted premier Mrs Benazir Bhutto was badly beaten, Reuter

At stake are 10 seats in the National Assembly (lower house) and 18 in the four provincial assemblies. Political commentators predict Prime Islamic Democratic Alliance

(IDA) will win most of them. The PDA accuses authorities of having begun the same kind of electoral fraud it says responsible for its crushing defeat in October.

Taiwan investment

Taiwan's government-approved investment overseas totalled \$1.5bn (£770m) last year, a 66.7 per cent increase from 1989, AP-DJ reports.

Foreign investment in Taiwan dropped 6.6 per cent to \$2.3bn in the same period, the government said. The largest share of investment, totalling \$428m was in the US.

Manila sell-off

The Philippines privatised Pesos 23.98bn (£470m) worth of assets from 1987 to the end of 1990. AP-DJ reports from

Manila. The 1990 figures show a 139.8 per cent jump from total sales of Pesos 10bn a year ear-

Climbers lost in Tibet A joint team of 11 Japanese

and six Chinese climbers attempting to scale an unconquered Himalayan peak in Tibet have been missing since heavy snow struck their camp five days ago. China's mountaineering association said. The 17 climbers failed to reach the 6,740-metre peak of Meili Snow Mountain in the southeast of Tibet on the border with Yunnan province and returned to their number three camp at 5,100 metres. A seven-

member rescue team has set out and a plane has been used

to photograph the area, the

Sudan plays the politics of famine

Khartoum can do nothing to avert starvation, writes Julian Ozanne

n the sun-baked hamlets of Sudan tens of thousands, , possibly hundreds of thousands of Sudanese peasants, will this year die from starvation and disease.

Few governments will bear as much responsibility for such a painful and needless human tragedy as the Islamic military junta in Khartoum.

The extremist government has refused to declare an emergency or make a formal appeal for assistance, acknowledging only a temporary food gap of It has denied reports of fam-

ine as a western-inspired conspiracy to undermine its rule. Furthermore, it has harassed and obstructed international aid agencies and systematically destroyed indigenous institutions capable of responding to the crisis.

It has also sold off substantial grain reserves, using the foreign currency to pay for arms to prosecute a civil war against the mainly Christian south.

Moreover, its alliance in the Gulf crisis with President Saddam Hussein of Iraq has alienated western and moderate Arab donors.

"At best the government is being criminally negligent," said one western aid worker. "At worst it is nothing short of wilful evil."

Already the first deaths from hunger have been reported in the Red Sea hills. Large numbers of people have begun a desperate journey on foot from their homes in Darfur and Kordofan in search of food.

For many it will prove futile. Heat and exhaustion will claim thousands of lives along the roadside, particularly the young, the old and the weak. For those that manage to straggle into towns and feeding centres food will be scarce and epidemics rampant.

Severe drought and crop failure have come to Sudan for the second consecutive year. But what might have been a man-ageable problem will almost certainly turn into a human

Aid workers say up to 8m people will be at risk from starvation in Sudan this year. The Food and Agriculture Organisation, which made a recent crop assessment mission, estimates up to 1m tops of food aid will be needed immediately.
Nobody knows accurately



the scale of the looming human catastrophe. But most experts are certain this year's crisis will surpass the droughtfamine which struck Sudan in 1983-85 and claimed 250,000

The blame will lie primarily with the government which, according to Africa Watch, an international human rights organisation, "has recklessly put the profit of a small cartel of Islamic banks and the mili-tary and political objectives of a cabal of extremist soldiers before the welfare of millions of Sudanese citizens."

Since seizing power in 1989 the junta led by President Omar Hassan Ahmed el Bashir has pursued an aggressive extremist Islamic philosophy. All independent institutions have been emasculated and the civil service purged of non-Is-lamic zealots. This has critically undermined the capacity of the Government to respond to the famine.

No emergency agency has been left untouched. Years of experience in the Relief and Rehabilitation Commission has been sacrificed with the dismissal of professional experts and their replacement with pro-regime lackeys.

The Sudanese Red Crescent Society, one of the most effec-tive non-governmental agen-

cies, had its constitution dissolved last year and all its senior staff dismissed.

The Agricultural Bank of Sudan, traditionally responsible for buying government stocks of grain and maintain-ing a strategic food reserve, has had its functions transferred to Islamic banks.

Foreign aid agencies have been similarly constrained. Impossible bureaucratic obsta-cles - from lengthy delays over travel permits and customs clearance to confiscation of vital communications equipment and open harassment -have severely hampered their efforts. Some have been expelled.

The Islamic banks have sold off the entire strategic grain reserve to finance a war budget. Between 300,000 and 600,000 tonnes of food were exported last year, much to Iraq. Huge increases in the money supply to pay the domestic costs of the war have sent grain prices rocketing to almost triple the world market

Hoarding and speculation are widespread.

Moderate Arab states and

western countries, who have traditionally supplied vast quantities of economic aid, have been antagonised by the regime's support for Iraq.

The US cancelled all nonemergency aid early last year and in October turned back a ship destined for Port Sudan loaded with 45,000 tonnes of food aid.

To many nations the famine may prove a means to end President Bashir's dictatorship. But the use of food as a political weapon to unseat the regime will almost certainly cause the loss of thousands of lives which could have been

"A strategy of withholding or delaying food relief in order to achieve political change is both morally reprehensible and practically ineffective," says Africa Watch, the human rights group.

Even if the government does

the unimaginable, declares an emergency and opens the doors to international aid efforts, it is already too late to prevent widespread starvation.

The logistics of reaching people in a country with collapsed roads and railways, serious shortages of trucks and space parts and ridiculous bureaucratic obstacles make any com-prehensive relief effort near imnossible.

Inevitably drought and dis-ease will kill off thousands of people this year. But a post-mortom would show pride and politics as the cause of death.

WORLD TRADE NEWS

Hills warns on deadline for Gatt S Korea cuts tax benefits for foreign companies

The ministry said the meainvestments in service indus-

FOREIGN companies investing in South Korea will face a simplified approval process but sharply cut tax incentives from March 1, the Finance Ministry

says, Modifications to the foreign capital introduction law, which go into effect from the begin-ning of March, mean that in

Currently, formal approval must be obtained. The application process would be further simplified as part of the government's policy

cases where the foreign partner in a manufacturing project holds less than 50 per cent of the capital, they need only report their project to the relevant ministries, the ministry

of liberalisation. From next year, minority

try joint ventures will not require approval and by 1993 restrictions on all investment projects are due to be removed. At the same time, tax incentives and credits for foreign investments are being substantially reduced.

Tax holidays, which apply to companies in high-technology industries and to those operat-ing in South Korea's two special export zones, will be cut from five to three years. In addition, taxes on divi-

dend income, property and land, which are currently exempted for five years, will be Reductions on tariff rates for imports of capital equipment by joint ventures will also be

sures were being taken "in order to bring about a level playing field for local and foreign companies". Preferential treatment for foreign investors had originally been aimed at inducing foreign capital and technology,

> The rate of direct foreign investment in South Korea has been falling over the last few

but that this was no longer

New foreign investment cases fell from 363 in 1987 to 332 last year and to 177 for the

The number of foreign com-panies leaving South Korea has also increased, from about 60 in 1987 to 103 in 1988 and 121 in 1989.

'fast track' negotiating authority By Nancy Dunne in Washington

THE US Congress will not agree to extend the Bush administration's so-called "fast-track" negotiating authority in the Uruguay Round past the current March
1 deadline unless a final agreement is within sight, according
to Mrs Carla Hills, US Trade

Representative.
The "fast-track" authority, which prevents Congress from amending any final Uruguay Round package, is considered necessary to getting agreement. Under the current authority, the Bush administration must submit the pack-

age on March 1.
"The way to get the negotiations started is for those countries that have not made the political decision to deal with export subsidies and market access [on agriculture] to try to do so. I'm told that the necessary players [the EC, Japan and South Korea] are making the effort now," Mrs Hills said. Ever since the talks col-lapsed last month in Brussels over farm trade, attention has shifted to Washington and the possibility of getting an exten-sion of the fast-track. With the EC developing new domestic farm policies, which could con-ceivably break the deadlock,

the hope is to buy time for the negotiators in Geneva. After meeting chairmen of several House committees, Mrs Hills concluded an extension

Kobe Steel to carry out

steelworks study in Iran

would be "difficult" but not impossible if agreement is first reached in agriculture and other major negotiating groups and the buik of the talks have

been completed.
Ordinarily, the deadlocked
Round would have been a big political embarrassment for the Bush administration, which has made it the centerpiece of its trade policy. But Congress has been preoccupied with the Gulf crisis. One farm lobbyist said he

had talked to several senators who last year were so dissatisfied with the direction of the negotiations that they signed a resolution to revoke the fasttrack authority. Now, many are suggesting that if war breaks out, they will vote for an extension, if the president requests it, on grounds of soli-darity in wartime.

"We won't see anything hap-

pen until the Gulf is cleared up," said Senator Frank Murkowski, an Alaska Republican. Unlike Mrs Hills, the senator suggested that perhaps the US should soften its insistence on far-reaching reforms in agriculture trade to make other gains. Meanwhile, the National Association of Manufacturers

(NAM) is spearheading an international private sector track. Invitations have gone out to counterpart groups in Canada, Japan, the EC and



Clayton Yeutter and Carla Hills: he moves on, but she stays

Mexico for a conference in Washington on January 24-25. "We view with alarm the potential escalation in trade friction that is likely to accompany a Uruguay Round fallure," said Mr Jerry Jasinowski, NAM's president.

"If governments are forced to become strongly confronta-tional in the realm of interna-tional trade, business relation-ships and the prospects for world growth will be primary

Mrs Hills said Mr Clayton Yeutter, the agriculture secre-tary who is to become chairman of the Republican party, will not be leaving his post at the US Department of Agricul-ture until March 1 As for Mrs Hills, who has

been rumoured on the verge of leaving for several posts, including Attorney-General: "Tm staying right here," she

Asean (Association of South East Asian Nations) counter-parts." Mr Arifin Siregar, the Indonesian Trade Minister told

agree new trade rules under the General Agreement on Tar-iffs and Trade.

China, Hong Kong and Talwan

make up Asean - Thailand, Indonesia, Brunei, the Philip-pines, Malaysia and Singapore - and be designed to counter trade blocs in North America and the European Community.

Mr Siregar, whose country is the largest in Asean, said only that he would study the idea which had earlier been wel-comed by neighbour Singapore.

members to talk about the concept and possibly put it on the agenda of the next Asean senior economic officials," Mr Rafidah said.

Farm trade deadlock 'could end in month'

THE DEADLOCK over agriculture, which halted the Uruguay Round trade talks in Brussels on December 7, could be broken in the next month, Mr Mats Hellström, Sweden's agriculture minister, said yes-terday, William Dullforce reports from Geneva.

To succeed, governments needed to show the will to "pull together" the basic ele-ments of a plan to reform world farm trade which they had already accepted. Mr Hellström chaired the

aborted talks on farm reform at the Brussels meeting and tabled the paper whose rejec-tion by the EC, Japan and South Korea led to the fouryear-long trade liberalisation talks being suspended.

Mr Heliström said he had been encouraged by his con-

tacts with governments since the talks failed in Brussels. These showed that leading trading powers, including the EC, were ready to negotiate specific commitments on the three crucial areas of internal farm supports, barriers to imports, and export subsidies.

unhappy with particular points of his plan but its structure had not been too heavily criticised. Acceptance of the three conceptual elements offered a base on which to

Some governments were

His latest contacts suggested that the mood for negotiating farm reform was now better than at the Brussels meeting. Mr Hellström was in Geneva to report to Mr Arthur Dunkel, Gatt director annual to reheat Gatt director-general, to whom the trade ministers gave the job of trying to determine how the Uruguay Bound can be

Mr Dunkel visited Washing-Mr Dunkel visited Washington before Christmas and is due to meet Mr Frans Andriessen, EC Trade Commissioner, and Mr Ray MacSharry, Farm Commissioner, in Brussels on Thursday. He has called heads of delegations to Gatt to a formal meeting on Japanery 15 mal meeting on January 15, but success in relaunching the global talks hinges on whether the EC Commission can suc-ceed in its attempt to reform the Community's common

agricultural policy. Commissioners are due to discuss the reforms proposed by Mr MacSharry today, but their crucial meeting on the issue is expected to take place on January 19

Taiwan postpones Moscow deal Taiwanese businessmen access TAIWAN'S first big trade deal

with the Soviet Union has been postponed indefinitely because Moscow cannot pay hard currency for the \$100m (£51.8m)-worth of merchandise it to former East Bloc markets. November's visit culminated in a deal to sell the Soviet Union \$100m-worth of Taiwan consumer products, including ordered, a Taiwanese company said yesterday, Reuter reports electronic appliances, medicine, shoes and cigarette ligh-ters. Company officials acknowledged that payment details had not been thor-

said yesterday, Reuter reports from Taipei.

"We were ready to ship the goods, but now everything has been halted until we hear how they intend to pay." Mr Hung Hsing-tsung, of Cosmo Brothers Corp, said.

Cosmo, a division of the huge Chung Shing Textile Company, played host in November to the first Soviet trade delegation to visit Taiwan. Taipei has no diplomatic ties with Moscow, but last year eased curbs to give oughly worked out. Cosmo said the Soviet Union had promised to cover the trade with hard currency, but

then said it would pay on a barter-trade basis with ship-ments of urea, used in making When Cosmo officials went to the Soviet Union to discuss

the trade, they found them-selves battling both a lumber-

ing bureaucracy and unfavourable exchange rates, ultimately causing them to shelve the

Cosmo's announcement came as a second Soviet trade group toured Taiwan. The group has signed a \$5m agreement for computers and electronic goods with CMP Enterprise, a Taiwanese computer maker. CMP officials said

maker. CMP officials said Cosmo's failure would not effect their plans to expand trade with the Soviet Union.

"I don't know how Cosmo arranged their deal, but we have been strictly barter from the start." CMP president Alexander Chen said, adding that the Soviet Union had agreed to pay for the electronics with aluminium ingots.

GE wins contract for KLM jet engines

By Paul Betts, Aerospace Correspondent

GENERAL ELECTRIC of the US has won a \$650m (£336.7m) order from KLM Royal Dutch Airlines for jet engines to power the carrier's new fleet of

McDonnell Douglas MD-11 tri-The Dutch flag carrier has placed firm orders for 10 MD-11 trijets with options for an addi-

These aircraft will be pow-ered with GE's CF6-80C2 high

tional 10 aircraft.

bypass turbofan engine.

KLM already operates an extensive fleet of CF6-powered widebody aircraft, including McDonnell Douglas DC-10s, Airbus A310s and Boeing 747-

first CF6-powered MD-11 trijets at the end of 1993.

If all options are exercised,

deliveries will run through to

KLM is due to receive its

KOBE STEEL, the Japanese steelmaker, yesterday con-firmed that an Iranian state engineering company has com-missioned it to conduct a feasibility study into the construction of at least one integrated steelworks. Iran has indicated that it has plans for two steelworks and

By Robert Thomson in Tokyo

san, in the north, with a pro-posed capacity of about 1m tonnes a year. The Y30m (£115,384) study could be followed by another for a plant at Hormozgan, near the Strait of Hormuz, which is tentatively proposed to be of a similar size to the Khorasan

Kobe Steel said plans for the

has asked Kobe Steel to study

prospects for a plant in Khora-

projects are "at a very early stage", and that the company is not yet sure exactly what products the Iranian government considers most impor-

• Kobe Steel also said yester-

day that it has received a Y20m

order to help overhaul steel production facilities for Dimag Stock Corporation of Hungary, which suffers from poor productivity levels in its casting The Japanese company will began a study of the Hungarian group's operations next

Four employees will be sent to the Dimag plant in Miskolc, and four Dimag specialists will be trained at Kobe Steel facili-

Indonesia to study idea for regional trade bloc

INDONESIA avoided giving direct backing to Malaysia's proposal for a regional trade bloc to counter trade zones in the West, saying it wanted to study the idea first, Reuter reports from Jakarta. "We need to consult with our

reporters after talks with his visiting Malaysian countepart, Mr Datin Paduka Rasidah Aziz. Malaysia proposed forming an East Asian economic group after world trade ministers failed in Brussels last month to

The new group might include Japan, South Korea,

as well as the countries which

"He will visit other Asean

"Asean's economic strength, could be increased if there are countries in the region together with us," Mr Rafidah

GM and

Slovaks

'close to

GENERAL Motors and the Slovak Republic are close to agreement on wide-ranging co-operation between GM and the BAZ vehicle manufacturer in Bratislava, Mr Vladimir Meciar, the Slovak prime minister, said yesterday, writes Leslie Colitt in Bratislava.

The accord would follow on

The accord would follow on the heels of Volkswagen's

agreement last month with Skoda to take a 75 per cent share in the car company,

which is located in the Czech

Republic. A GM contract with

BAZ would underscore Slo-

vakia's determination to follow

its own economic interests.

after decades of what it sees as

neglect by the Czechoslovak federal government in Prague. Slovakia last month rejected

GM's package of demands for financial incentives and negotiations subsequently reopened between the Slovak authorities

However, Mr Meciar said that Slovakia in fresh talks

with GM, had now agreed to the company's original condi-

tion that Bratislava provide DM150m worth of infrastruc-ture support in addition to an initial GM investment of

The Slovaks also decided to go along with the company's demand for a 10-year tax boli-

Industrial orders fall

West German industrial orders

fell by 3.5 per cent in November, suggesting a slackening in economic activity thanks

largely to a sharp drop in for-eign orders, writes David

Goodhart in Bonn. The latter

dropped by 7.5 per cent in November, according to figures

A two month comparison for

October and November regis-

tered an overall drop of 1.5 per

cent on the previous year.

The jobless figure in the

western part of the country rose to 1.78m in December

from 1.69m in November, but

was the lowest December level since 1981. In the east it increased by 53,000 to 642,000,

or 7.3 per cent of the working population. The number on short-time working is just

under 1.8m, of whom 41 per cent are working less than half

A senior member of the

Bundesbank's policy-making council, Mr Karl Thomas, has

meanwhile predicted real GNP growth in the whole of Ger-many at "3 per cent and more" for 1991. This is rather more

optimistic than the estimates of about 2.5 per cent from the economic institutes.

Romania switches

on to free electricity

Germany has started deliver-

ing free electricity to help Romania's chronic energy

of normal working time.

published yesterday.

in west Germany

DM300m.

accord'

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The Partie That is

plant in east Germany and plump for west Germany instead. Its experience is a vivid illustration of the obstacles encountered by foreign companies seeking a foothold in the eastern states of Germany, impoverished after decades of Communist rule but full of potential for

RED TAPE, poor communica-tions and difficulties over-land ownership have forced Metsec, a medium-sized British

building products company, to aban-don anthusiastic plans to set up a

rapid growth.
The Midlands-based company started with every intention of locating its structural steel section plant in the east. When it began looking, the two Germanys were not united. While Metsec saw its main potential market in west Germany, it was keen to obtain a foothold in the east, where the construction sector stands to benefit from the huge needs of

economic development.
When interviewed in the summer (FT August 29), Mr Stephen Tilsley, Metsec's commercial director, was about to go on the road again to look companies to part with individual

"alarming" state of affairs. Not accidentally, the draftdodging rate rises in propor-tion to how far an individual republic has gone in trying to break with Moscow.

The problem is particularly acute in Lithuania, where only 1,000 out of 11,000 young men have heeded an end-of-1990 deadline for the call-up, with others opting for a Lithuanian defence force. At the other end of the scale, Moldova (formerly Moldavia) and the Ukraine which have not formally declared plans to leave the Soviet Union - have still come up with more than half the conscripts demanded.

In the Baltics, joining the Soviet army is seen by many youths as tantamount to joining an occupation force which first arrived in 1940 to annex three independent republics. Mr Andras Butkiavicius, head

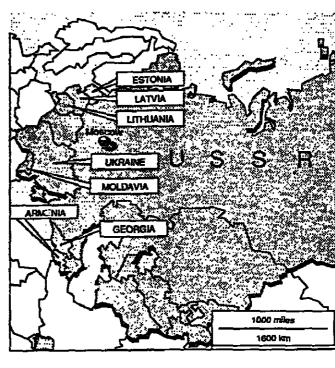
of Lithuania's regional defence force, said the force comprised unarmed volunteers who patrolled its borders or trained for civil defence and relief work. Like Latvia, Estonia has adopted a law on alternative service within the republic but

Baltics draft evasion reflects general unease

is advising recruits to lie low to avoid Soviet conscription. Georgia meanwhile, the most ardent champion of indepen-dence after the Baltics, has adopted legislation creating its own national guard but also giving Georgian youths an opportunity for non-military service within the republic. The Soviet armed forces may

feel they have reached a point where they need to take firm action against draft-dodgers. However, the crackdown unfortunately coincides with a time when the republics are feeling threatened by Moscow in every other respect.

	RE	PUBLIC	S UNDE	R PRESSURE
Republic	Pop (m)	% non- ethnic	*Military call up	Political demands
Armenia	3.3	6.7	28.1	Full independence after transition period
Estonia	1.6	38.5	24.5	
Georgia	5.4	31.2	10.0	Same as above
Latvia	2.7	48.2	25.3	
Lithuania	3.7	19.9	12.5	
Moldavia	4.3	38.1	58.9	Parliament has renamed republic Moldova and voted against signing Union Treat
U krai n o	51.8	26.4	t	Nationalism remains strong in western Ukraine, a part of Poland until annexed by Soviet Union in 1939



Baltic troops decision raises new questions about how far the Soviet leader is still in control of events

Gorbachev put to the test by an army flexing its muscles

By Quentin Peel in Moscow

By Leyla Boulton in Moscow ONE REASON that the Soviet

armed forces are resorting to

force to round up conscripts is

because independence-minded

republics are offering more

However, the particularly high rate of draft evasion in

the Baltics and the Transcau-

casus only reflects a generalised distaste among young people for a am-strong conscript army where conditions are

appailing.

While the overall 80 per cent compliance rate for the autumn call-up across the

Soviet Union is not in itself a cause for concern, the Kremlin is focusing its latest campaign

on republics where draft-dodg-

ers are the majority. In announcing this week that it

would use paratroopers to enforce the draft, the defence

ministry singled out seven republics to illustrate an

attractive alternatives.

SOVIET president Mikhail Gorbachev was definitely party to the decision to use para-troops to reinforce conscription in the rebellious non-Russian

Mr Vitaly Ignatenko, the president's spokesman, yester-day roundly rejected any sug-gestion that the Soviet military, or part of it, was becoming a law unto itself.

Yet the very fact that the question was asked underlines the speculation in Moscow about how far Mr Gorbachev is still in control of the increas-ingly chaotic affairs of a nation torn by apparently irresistible centrifugal forces.
On top of that, the question of how the decision was

reached, and what it will mean in practice, is anybody's guess. Only last Friday, General Mikhail Moiseyev, the Soviet chief of staff, stated flatly that no more troops would be deployed in the Baltic republics, where the nationalist majorities are all dead set on independence. If anything, he maependence. It anything, he said, the troops would be cut.
Confusingly, Marshal Sergei Akhromeyev, the former chief of staff, said the same yesterday, when insisting that there were already quite enough troops in Lithuania to enforce the draft in that regulile.

the draft in that republic. Yet Colonel-General Fyodor Kuzmin, the military commander in the Baltic, specifi-cally informed at least one republican government there

Ronald Van De Krol in Amsterdam

THE DUTCH government has

been ordered by an industrial

tribunal to suspend plans to build a coal-fired power plant

unusual complaint brought by

Texaco, the US oil company,

which argues that its own pro-posals for the construction of a

plant based on coal gasification

technology would harm the environment less than a con-

ventional coal-powered gener-

Ruling in Texaco's favour,

the tribunal issued a restraining order against the

government, saying the state should have conducted an

environmental impact study before deciding to build the

The tribunal had upheld an



Latvians protesting yesterday outside Soviet Army Baltic headquarters in Riga

ture.

power station.

by Shell.

that paratroops would be drafted in to do the job, accord-ing to Mr Edgar Savisaar, the Estonian prime minister. "I would have thought it could have been done by troops already in place," one western military attaché said yester-

The government now faces the choice of pursuing the case

through the courts or agreeing

to carry out an environmental

case - an unusual incidence of

an oil company taking a gov-

ernment to court on an environmental matter, rather than vice versa - has reopened the

gasification technology.
Two other coal-fired plants

are already under construction

considered gasification."
However, if coal gasification is selected, Texaco believes its technology would win out over

for locations in the western part of what was then still East Germany.

With him was Mr Peter Sachse, one

of two managers taken on from VEB Walzwerk Finow, an east German

steel section company with which Metsec had held abortive talks on a

joint venture.

Now, for reasons of convenience

and timing, however, the UK com-

pany has opted for a site at Neuss, near Düsseldorf and not far from Cologne, home of another Metsec

subsidiary, Prazisions-Profil, a maker of light industrial sections.

This Metsec bought just over a year

into east Germany, in contrast to the hesitancy of other UK concerns, why

did it decide that starting a second German business would be better in

Mr Tilsley and Mr Sachse give

three main reasons: bureaucratic

delays and the inexperience, though

not necessarily unwillingness, of

local authorities in the east; the

reluctance of many east German

The state of the s

Since Metsec was so set on moving

In either event, the tribunal

begin in 1992.

study.

Construction was due to that of competitors such as

day. "I sometimes feel in my bones that the armed forces here would quite like some of the republics to overreact." The question is whether the action is a deliberate move by the military towards full-scale martial law in the nationalist

plant in California, together

with its other projects in the gasification field, show that

the technology can be har-nessed for use in a 600MW

The Dutch electricity pro-

ducers' association (SEP)

believes that the building of a

commercial coal-gasification

republics; whether it is just another sabre-rattling exercise in the long-standing campaign frighten the secessionists back to their senses: or whether it is no more than it rash of draft-dodging, under-mining the authority and efficiency of the Red Army. The coincidence of the move coming so soon after the resig-nation of Mr Eduard Shevard-

dictatorship, suggests that the first variant may be near the truth he perceived. In spite of disavowals, there is a growing recognition that a key factor behind Mr Shevard-nadze's decision to quit was

nadze's decision to quit was the growing power and influ-ence of the military, and its sway over Mr Gorbachev. In particular, he is reported to have been furious about the military withdrawing tanks and materiel behind the Ural, in apparent defiance of the Conventional Forces in Europe (CFE) disarmament agreement (CFE) disarmament agreement (CFE) disarmament agreement he negotiated.

Although the Soviet argu-ment is that the equipment has not been destroyed because of sheer physical inability to cope with such volumes, Mr Shev-

ardnadze first learned of the moves from his US counter-parts, say to Soviet reports.

"That may have been the last straw, after months of sniping by the conservatives in

the military industrial establishment," according to a west European diplomat. "For their part, they were furious at his giving in over naval cuts (which were not included in the CFE agreement.)"

Those problems over the CFE are now calling into quescreare now calling into ques-tion the timing of the US-So-viet summit, scheduled for February 11-13, providing a direct linkage between the revival of military influence in Moscow, Mr Shevardnadze's

Mr Ignatenko said yesterday that Moscow was not sending any signals that the summit should be postponed, although he admitted that the CFE problems existed. On the other hand, he insisted that there should be no linkage between CFE and strategic arms cuts, which are supposed to be fina-lised by the summit. There is no doubt that the

Soviet military has been feeling increasingly aggrieved at continuous criticism, and at having to absorb huge cuts in manpower, while undergoing the upheaval of retreat from eastern Europe without any decent homes to return to. Add to that being the butt of bitter nationalist criticism in republics from the Baltic to the Black Sea, and the backlash is understandable.

The fact that the military has made it voluntary for sol-diers to serve in ethnic trouble spots, including both Trans-caucasia and the Baltics, sug-gests that the high command is not itself too confident of the

discipline in its ranks.

All the more reason, there fore, to take a strong stand over conscription, with the added bonus that it provides a very timely warning to dissi-dent nationalists about how much power they really exert. If it prompts a violent backlash from civilians, many in the Soviet military establishment

claims to be - a limited exer-cise to prevent a debilitating nadze, the foreign minister, who warned of an imminent resignation, and super-power

Dutch tribunal halts plans Talks begin on a closer political union in the EC By David Buchan in Brussels

for coal-fired power plant NEGOTIATIONS for closer political union among the 12 EC states started yesterday when their president, Luxem-bourg, tabled a discussion Shell and British Gas Lurgi, paper on which new powers should be given to the commuthe Anglo-German joint vennity and which should be left to national governments. Texaco argues that its commercial-scale demonstration

The inter-governmental con-ference (IGC) on political union will involve senior officials of the members meeting weekly, with the first ministerial

review due on February 4. But the political union negotiations, expected to last until autumn, will not take place in a vacuum. The outcome of the Gulf cri-

sis, on which the members have had difficulty in coming to a common line, will have an important effect on discussions about a common security, and possibly defence, policy.
On internal policy, Luxembourg says it will use its presi-

dency to make further developments in the controversial social field which the IGC would register in treaty amendments reinforcing Community competence in this

At a meeting on Monday with the European Commission, Mr Mr Jean-Claude Juncker, of Luxembourg's Christian Democrat politics who is minister of labour and finance, told the European

Mr Pohl added that while the

Commission on Monday that he hoped for rapid passage of various labour market directives to which the UK in particular objects.

Prime Minister Mr Jacques Santer, the prime minister, also stressed the need for movement in the deadlocked GATT talks, reform of the common agricultural policy and the 87 directives that remain to be adopted out of the 280-point

ened what would happen?"

• Unemployment rose in both

country was due exclusively to

shortage, Reuter reports. The Bonn Foreign Ministry said the supplies, which will continue until the end of March, were worth DM50m (£17m). Western states have been slower to help Romania than single market plan. other formerly communist states in eastern Europe that Pöhl says EMS realignment 'not realistic' have moved more rapidly

towards democracy. German aid so far to the Balkan state is less than that given to Poland, Czechoslo-

vakia or Hungary.

The ministry added that the 785 gigawatt hours of electricity were intended as a contribution to Romania's economic stability and the success of Prime Minister Petre Roman's reform policies.

Serbia accused over loans

Yugoslavia's federal government yesterday accused Serbia, the country's biggest republic, of undermining the national monetary system by taking illegal loans. Reuter reports from Belgrade.

A statement reported by

Tanjug news agency that said the Serbian parliament had decided secretly to take an 18bn dinars (\$1,7m loan from the Serbian national bank, which was contrary to existing borrowing rules. The government said the loan involved new money which would help to boost inflation and undermine Prime Minister Ante Markovic's reforms based on tight monetary policies.

It ordered the Yugoslav national bank which prints the country's money, to impose tight surveillance on the republican banks with a view to prevent similar loans in the

Police hand over old guns

Berlin's police yesterday gave the German army 1,500 unwanted machine guns, a reminder of the semi-military role the police had when the western half of city was walled in and surrounded by Communist East Germany, Reuter reports from Berlin.

ating station. Until now, the economic affairs ministry has rejected plant at this stage could pose near Rotterdam and Amster-D-Mark remained the anchor of eastern and western Germany threats to the reliability of in December, but the federal ment had no intention of devalthe EMS it was very important dam and are due to be comcoal gasification, saying the energy supply. uing sterling within the EMS government says it is not worto maintain its reputation as a pleted in 1993 and 1994 respectechnology is not commercially ready to be used in the 600MW SEP is currently building a 253MW demonstration plant for coal gasification which will be ried by the figures, Reuter reports from Bonn. The increase in unemploy-ment in the western part of the hard low-inflation currency. dent, Reuter reports from regardless of consequences. He also confirmed that finance Financial markets have spec-Mr Ed Gerstbrein, Texaco's Rotterdam plant, which is ulated in recent months that ministers and central bank scheduled to come on stream in 1997. European director for gasificabased on technology developed tion development, said: "In the court case, we weren't saying that the government should have selected Texaco but that it should have

A REALIGNMENT of the Leigh-Pemberton, governor of maintain EMS parities. European monetary system the Bank of England, had told Mr Pöhl added that w (EMS) is not a realistic option, according to Mr Karl Otto Põhl, the Bundesbank presi-

"It's not a realistic alterna-tive in my view," Mr Pöhl said after the monthly meeting of The electricity industry wants to await the results of

properties rather than sell their

whole operations; and communica-

which led Metsec to give up. Its managers also believed the rebuild-

ing of east Germany's economy

would take longer to get under way

than first thought.

Metsec had actually found a site,

at Bleicherode, just inside east Ger-

many and two-thirds of the way

down the former border. Unlike

other production facilities the two

men had visited, this was both usable and carried no requirement

that existing jobs be taken over.

Thus it was the only one that was

The company found the site, for-

merly the maintenance workshop for

a potash mine, last September. But

to round off their odyssey, Mr Til-

sley and Mr Sachse went over to the

state of Hesse to see what was avail-

able in western Germany. There,

they were directed to several promis-

ing sites, and found Hesse's Frank-

furt-based industrial development

staff far more alert and belpful.

In the end, it was mainly the latter

tions problems.

really suitable.

governors of the Bank for International Settlements. "We have to recognise that this plant, which is scheduled to open in 1993, before pushing we have gone much further finto monetary union! than ahead with coal gasification, most people are aware of. which it acknowledges is cleaner than conventional coal

him that the British Govern-

the prospect of Germany raising interest rates in order to help finance unification and control an economic boom could put the EMS under enormous strain. Without a realignment other EC countries could be forced to inflict damage on Nobody wants to devalue. their own, weaker, economies Mr Pohl said that Mr Robin by raising interest rates to

In the end, Metsec had three

choices. It could set up in east Ger-many, or in the Kassel or Fulda

areas of eastern Hesse, or near its

existing Cologne company.

The decision to take the last

option was not easy, Mr Tilsley

recalls. "It was hard to be analytical,

but I had a gut feeling this would offer the lowest risk." He felt it would give Kalt Profile, Metsec's

newly-formed German steel section

operation, the best chance of break-

ing even quickly. Production should

start in March, the investment in

two rolling mills being around

he proximity to Cologne will

munications problems in the east,

where telephone lines are pitifully

inadequate. Metsec was aware of

this. It had originally thought it

could manage with mobile phones.

but then decided these were not a

good enough substitute for the

sophisticated links in the west, espe-

cially in an industry requiring rapid

not only save management

time, but also get round com-

DM1m (£350,000).

governors of the Group of Seven leading industrial nations would meet in New York on between January 20 and 21 next.

He said that meeting might

accelerates.

be inconvenient for some other countries but said it was "abso-hutely necessary, because if the anchor of the EMS was loos-

seasonal factors, Federal Labour Office president Hein-rich Franke said on Tuesday.

And the strained job market in what used to be East Germany, are is expected to start improving later this year, he East Germany beckons with one hand, repels with the other

Andrew Fisher explains why one British company gave up the struggle to establish an operation in the east Metsec expects around 80 per cent of Kalt Profile's business to be in west Germany over the long run and 20 per cent in the east. There should be a period when the proportion in the east bulges beyond this level, as the pace of economic reconstruction

> It had become clear to Metsec by last autumn that doing business in the east German building sector would initially be a struggle. Mr Günter Breit, the other east German manager, had discovered that volume needs for steel sections were lower than expected, since building activity had not picked up much.

"Also," Mr Tilsley said, "there was a resistance to buying east German products on this [the west German] side of the fence. Hopefully, this will be short-lived.

The sharp drop in east German industrial output as the old system crumbles will cause further difficulties. "A lot of factory buildings are going to be empty at some stage. With another year of recession in the east, I felt there would be an over-supply of rented space, so that companies would not have to build." Demand for Kait Profile's sections in new buildings could thus take time to develop in the east, even though the overall construction needs are enormous. Moreover, rents there should drop further until business activity picks up. So it could be cheaper for a company like Metsec to rent property later on. It has become increasingly clear

that many important decisions about industrial contracts in east Germany will be made in the west, where the money is. West Germany may be east Germany's "rich uncle", but Mr Tilsley said it is also acting like "a very hungry wolf, keen to exploit the huge eastern appetite for products made in the west. At this stage of economic confu-

sion in the east, the much-needed wave of new investment has hardly begun. Metsec may invest directly in the east later, when rents are cheaper and prospects more clear. But for the moment, it is content to serve the market from a secure base in the west.

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FINANCIAL TIMES **BUSINESS RESEARCH CENTRE**

EUROPEAN NEWS

Swedish trade unions divided over wage agreement

By Robert Taylor in Stockholm

SWEDEN'S trade unions are divided over whether to sup-port a new national two-year

Today is the deadline for the acceptance of a proposal on pay restraint made just before Christmas from the country's independent public mediator - the Rehnberg commis-sion. The proposal is designed to reduce Sweden's inflation rate from the current figure of more than 10 per cent to

around 4 per cent by the end of being opposed by the PTK

The plan favours limiting wage increases to only I per cent for the three quarters of Swedish workers earning under SKr170,000 a year from I

July this year.

There would be no pay rise at all for those earning more than that figure. All workers would receive a 3 per cent pay increase in April 1992. However, the proposal is

trade union organisation which represents the country's 570,000 white-cellar employees in the private sector who want to see local pay bargaining continue on top of any national

wage norm.
The unions covering shopworkers, miners and transport workers have also rejected the Rehnberg plan.

The only major union so far to back the wage proposals is

the local government workers representing 640,000 amployees while the all-important Metal-workers favour fartiler discussion on a more flexible deal:

Despite their ideological resistance to any suggestion of national wage agreements, Sweden's main employers organisation SAF yesterday said it would support the Rehn-berg commission proposals because of the country's diffi-

The engineering employers national consensus cannot be re also backing the mediator's achieved quickly.

Lan. However, unless the But further talks can be are also backing the mediator's plan. However, unless the unions, hostile to Rehaberg, change their minds any national attempt at voluntary

pay restraint will fail. Reinctantly the government would have to intervene to try and hold down wage rises. Tonorrow's austerity budget from finance minister Mr Allan Larsson may indicate what he

intends to do with pay if a

expected through the Rehnberg commission to try and recon-

cile the different union posi-tions with the need for a strat-egy to restrain wages.

Ministers point out that without a national agreement on pay was pressures will have to be reduced through much higher unemployment, a course that they wish to avoid.

Dispute threatens conservation of Parthenon

Kerin Hope examines restoration and intervention in classical Greek architecture

OW much of a unique Greek temple should be restored? The ques-tion may sound academic but it has provoked a bitter dispute which now threatens to delay conservation work on the Par-thenon, the outstanding but badly battered masterpiece of classical architecture.

classical architecture.

A group of Greek architects, civil engineers, chemists and stonemasons will probably spend most of their careers repairing the damage done to the 2,400-year old temples on the Acropolis hill by earthquake, warfare and atmo-

spheric pollution.

They started 15 years ago, after cracks appeared in marble blocks replaced by an earlier restorer, and sculptured surfaces were found to have been eaten away by acid rain. Until now, the Acropolis restoration has stayed remarkably free of political interference or

ree of political interference or scholarly infighting.

However, the launch of the most ambitious project to date, re-erecting a section of the "pronaos" – the portico behind the Parthenon's east facade leading to the main doorway

has run into fierce opposition from a small but influen-

tial minority.

At issue is a set of four proposals put forward by Dr Manolis Korres, the senior architect on the Acropolis restoration team.

They range from a cautious rebuilding of two broken col-umns to a full scale restoration of all six that spanned the "pronaos". The row of columns would then be linked with original lintel blocks and capped with replicas of part of Pheidias' famous frieze.



The Acropolis: are restoration works saving or falsifying the damaged classical temple?

The restoration team, which makes a point of consulting regularly with experts abroad, won broad approval for Korres' bolder proposals at an interna-tional conference held in Athens last year. However, when it came to a vote, the Acropolis committee, which supervises the project, compro-mised in favour of re-erecting just two columns and adding two blocks of frieze on top. "There is always anxiety

about the percentage of new marble you should add. But I'm in favour of this solution. A lot of ancient marble will go back into position," said Dr Petros Calligas, the archaeolo-gist in charge of the Acropolis site. The two columns to be restored are among those blown out in 1687 when a shell fired by a Venetian army besieging Athens hit the Turk-ish defenders' gunpowder store

inside the temple.

Dr Korres, who spent months combing the surface of the Acropolis for missing nieces of the Parthenon, says he has recovered enough frag-ments to ensure that 72 per cent of material used in the two-column restoration would

be original marble.

The gaps would be filled with fresh white marble from quarries on Mount Pentell, north of Athens, which were used by the ancient builders. The new surfaces would later be coated with a coloured

patina now being developed by monise with the original hon-ey-coloured stone.

The Acropolis team clearly finds the prospect of adding a new visual dimension to the ruined temple immensely excit-ing. Much of their work so far has involved removing fron clamps inserted in marble blocks by Nikos Balansos, an enthusiastic but misguided restorer of the 1920s.

The clamps rusted and expanded, cracking the surrounding stone. Several hundred blocks, weighing up to 13 tons each, have been hoisted down by a specially designed

The iron is being replaced

with non-corrosive titanium embedded in Portland cement. The restorers have also taken down a number of sculptures defaced by pollution and put censent copies in their place.

This kind of conservation work is acceptable to the Cul-ture Ministry's chief of restora-tion, Dr Jordan Dimakopoulos. But he objects to the "pronaos" project as "an excessive intervention, quite unsuitable for a classical temple."

He claims that too many of the fragments belong to the central core of the columns rather than their fluted surrather than their fluted surfaces, so that when the restoration is complete, mostly new
marble would be on view.
"However skilled your workers, they can't reproduce
exactly the touch of the 5th
century BC masons. You would
be falsifying the Parthenon,"
he said.

The Culture Ministry's council for archaeology, which approves restoration projects for Greece's ancient monuments, overruled the Acropolis committee and backed Dr Dinskopoulos. Now the deci-sion on whether to go shead rests with the minister, Mr Tzannis Tzannetakis.

Izantais Transcakis.

In the meantime, the council suggests testing the visual impact of the proposed restoration by putting up tamporary columns made of plaster - a proposal dismissed by the Acropolis restorers who say they cannot waste a year prod-

ucing casts.
"Unfortunately, there is no black and white in restoration," said Dr Galligas. "Going "too far" is very difficult to determine."

IMF loans of \$1.8bn for Prague

By Peter Riddell, US Editor

CZECHOSLOVAKIA is to receive \$1.8bn in loans from the International Monetary Fund to assist its economic reform programme and to off-set the impact of higher oil prices, only four months after it rejoined the organisation.

The credit, the largest to any central European country from the IMF, will be followed by World Bank losns, currently being negotiated, to improve banking and telecommunications and to accelerate the privatisation of previously state-owned industries. state owned industries.

The new IMF loans consist of a standby credit of \$883m available over the next 14 months to assist the second stage of the reform pro-grammes, including price lib-eralisation and privatisation, and special facilities totally \$900m to help offset the current sharp increase in oil

This follows the end of the previous arrangements with the Soviet Union whereby oil was bought at subsidised prices in return for bartered

hard currencies at world prices has an even greater impact because of the rise in oil prices resulting from the Gulf crisis.

Some \$448m of the special facility can be drawn immediately, while \$241m will be available later, and \$210m will be contingency credits available only if oil prices increase to higher than anticipated levels.

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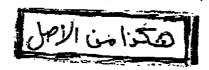
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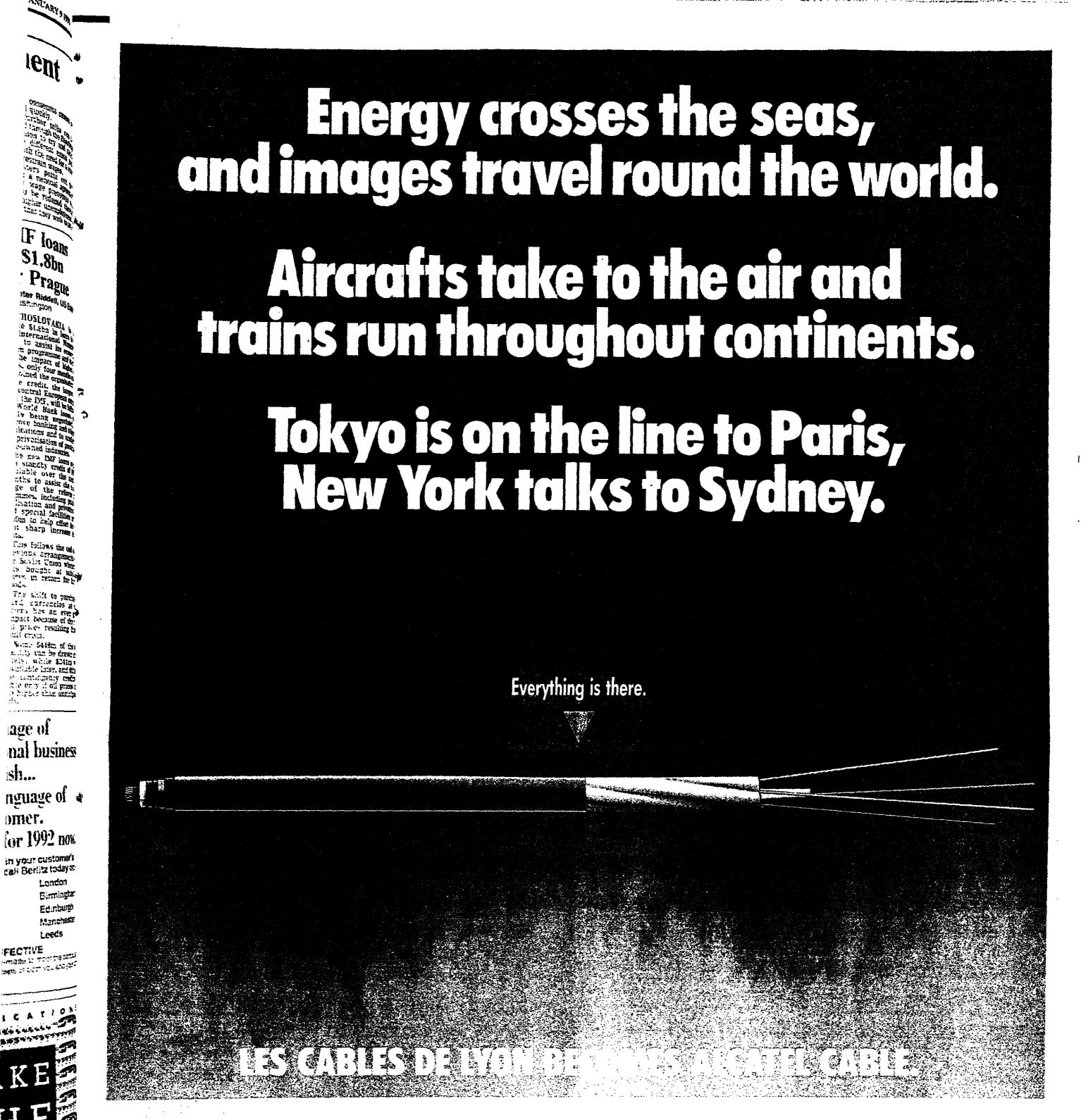
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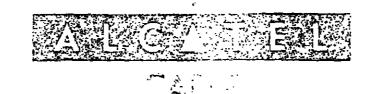


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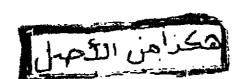
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By John Ri

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shares at a set price and its adoption would mark an attempt by the government to pre-empt accusations of selling the two companies too cheaply. To the same end, advisers

Manx takes complaint to Civil Aviation Authority

Pricing policies at London's Heathrow airport are threatening to squeeze out Britain's smaller regional airlines

By Sue Stuart in Douglas

UK REGIONAL airlines are becoming increasingly alarmed at the prospect of being squeezed out of London's heavily congested airports by pricing policies designed to favour bigger carriers and

larger aircraft.

Manx Airlines, which serves Isle of Man. UK and Irish destinations, is the latest regional carrier to criticise pricing policy at London's Heathrow airport. The airline is to appeal to the Civil Aviation Authority against the 26 per cent increase against the 26 per cent increase in airport charges due at Heathrow from April. Manx Airlines operates three flights a day from the island,

which lies between Britain and the Irish mainland, to Heathrow. BAA, which owns Heathrow, charges the same landing fee for all aircraft, regardless of size, as well as a fee per pas-senger. Regional airlines, which generally operate smaller aircraft, are the hardest hit by price increases.

Mr Terry Liddlard, managing director of Manx Airlines, expressed dismay. "After increases of 50 per cent over the last three years we had hoped BAA would relax the pressure for a while, particu-larly in view of the current situation affecting aviation as a result of the Gulf crisis.

"But once again the worst impact of the increases has been directed at regional operators and we are more than ever convinced the BAA, in spite of annual pious denials, is doing all they can to try to force operators of smaller aircraft to pull out, leaving slots for larger and more profitable

customers," he said. Regional airlines feel particularly aggrieved because many of their passengers book to international destinations. changing to larger airlines at Heathrow.

They feel the services they offer to Heathrow are vital to the travelling public and are

anxious not to be priced out of viability on these routes.

Several smaller operators have fought against recent increases in charges, but the structure has been imposed on the BAA by the Monopolies and Mergers Commission. Mr Liddiard believes the chances of the CAA interven-

ing are slight. "The actions of the BAA, whilst outside the spirit of the conditions imposed by the Monopolies and Mergers Com-mission, appear to be within the letter of the law; it is unlikely anything can be done through this channel." The challenge to the CAA comes at a time when it is reviewing rules for air traffic distribution in the London

Manx Airlines is also seeking involvement of the Isle of Man government. The company wants the island government to use pressure "to have the increases at Heathrow shared out on a more equitable basis among all users, instead of being so heavily weighted against the passenger who has to travel on smaller aircraft."

The airline says it will have

to pass the increase on to pas-sengers and may need to change destination if increases

BRITISH CHANCELLOR LAMONT UNVEILS PROPOSALS FOR HARD ECU IN EUROPE Fund could be basis of central bank Qualified

welcome in By Peter Marsh, Economics Staff in London Luxembourg

Norman Lamont

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and Brussels

By David Buchan

BRITAIN'S hard Ecu proposals were yesterday welcomed in Luxembourg, which holds the EC presidency, and in Brussels, for the degree to which they overlap with the monetary union vision favoured by the UK's 11 partners.

The proposals, which put the ideas that the UK has been spelling out since last June into treaty language, provoked little surprise among the EC presidency or Commission, except perhaps the extent to which some of the key points are phrased as alternatives (on the independence of national central banks) or stated conditionally in square brackets (on government guarantees of the hard Ecu's value). The UK has proposed that a

European Monetary Fund be set up to issue and manage the

the 12 European Community nations. Its prime objective Hints in recent days that British negotiators at the intergovernmental conference (IGC) on monetary union would not make a fuss about the name of the new institution, and could EMF would comprise a president, vice-president, and four agree to a European System of Central Banks (ESCB), were confirmed by the fact that the UK-proposed EMF had almost exactly the same structure as that proposed for the ESCB last month by the committee of EC central bank governors.

experience in monetary or banking matters". The executive body would be assisted by the governors of Luxembourg presidency officials took this as a UK plaudit existing European central banks. These people would be part of the EMF's governing board, but would not vote. for the central bank governors' work, as well as a sign of ever-increasing British flexibility. • The governing and execu-

THE NEW European monetary institution set up to administer Britain's proposed hard Ecu currency could evolve into a pan-European central bank, Treasury officials said yester-

The new institution - operating as the European Mone-tary Fund (EMF) — could also take on the job of running the European Monetary System's exchange rate mechanism (ERM), of which the hard Ecu

would be one member.

These points emerged as Mr
Norman Lamont, the Chancellor of the Exchequer, published formal proposals for setting up the EMF as part of Britain's contribution to the debate on European economic and monetary union (Emu).

Mr Lamont said the hard Ecu and the EMF - both of which could be introduced after 1994 - could provide "a basis for an agreement [on

"be completely independent.... of any Community Institution,

national government or any

other body or person".

National central banks

would be the sale subscribers

and holders of capital to the

EMF. The value of this capital

• The central banks would

receive hard Ecus from the

• The hard Ecu "is only one

possible name" for the com-

open to suggestions on this.

mon currency. The Treasury is

• National monetary authori-

has not been decided.

amounts of currencies.

Ecu: the main points

Emul which meets both British concerns and also the aspirations of our Community part-

Mr Lamont said Britain was open to suggestions on modify-ing its proposals - due to play a part in stage two of Emu prior to the final phase. Some of Britain's European Commuof Dritain's European Commu-nity partners hope to see the final phase completed by the end of the century with the establishment of a European "superbank" to handle pan-European monetary policy and a

new single currency.

Under the UK's plan, the hard Ecu – which would carry a government guarantee that it could never be devalued -would be used in conjunction with other European curren-cies, although it could evolve into the single currency ulti-

It would enable European businesses to cut transaction

costs and help in the effort against inflation.
The proposed EMF would be run by a committee, members of which would include the governors of existing European central banks. However, they would be protected from interference from their own govern-ments, so that they could take

tough decisions, such as forc-ing existing central banks to repurchase hard Ecus from the EMF in exchange for their own currencies, should these be losing their value. The UK's proposals, to be discussed by European nations over the next six months as part of the Emu debate, outline how the officials of the EMF

could also take over the job of running the ERM. This task is now handled by two bodies: the European Community's monetary committee and the EC's committee of central bank meet its obligations with

respect to the fund, it could, if all else fails, bring the matter to the European Court. O National central banks

their responsibilities under national law provided that these do not interfere with their obligations" according to

duct credit or ting hard Ecu interest rates.

The EMF would have exclunot envisaged for several **BRITAIN IN** BRIEF



UK Union to agree wage freeze

The Transport and General Workers Union is recommending a six-month wage freeze for 800 workers at a distribution company. It is the first known example of union leaders agreeing a wage freeze in the current

recession.
Stewards of the union at
London Carriers International,
a distributor of electrical goods, have recommended that workers accept a freeze followed by a rise of between 8.75 and 9.25 per cent from

Ford's market share reduced

sales - excluding Jaguars - fell to 25.25 per cent, from It retained its leadership of its Sierra model was toppled from its perch as the best-selling fleet car by

Dowty Fuel cuts 300 jobs

arch-rival, the Vauxhall

Cheltenham, Gloncestershire, plant with the loss of 300 jobs. It blamed cuts in arms spending and military orders. "Strategic programmes in future will concentrate more

on civil applications where recent successes have been • Four hundred jobs were

industry caused by high interest rates and reduced orders at a time of increasing

Airline goes to administrator Aberdeen Airways, which was

into administration. Wick.

Howe takes Conservative chancellor of the exchequer and foreign secretary, has been appointed

Ford's grip on the UK car market leadership weakene last year, despite its declared medium-term intention of recapturing the 30 per cent market share it held for much of the 1980s.
Instead, Ford's share of total

the 26.45 per cent it enjoyed in the previous year. the UK fleet market, though its lead was cut substantially.

Dowty Fuel Systems, the aerospace and defence contractor, is to close its

achieved for several projects," put at risk when Dennis Castings Group called in the receivers. This casualty provides further evidence of

the strains in the engineering

formed in 1989 to operate scheduled services from Aberdeen, Scotland, has gone However, it will continue to operate its routes which include Edinburgh, East Midlands, Manchester and

post at BICC Sir Geoffrey Howe, former

a non-executive director of

Sir Geoffrey Howe: first job since his resignation BICC, the international cable and construction group. BICC said Sir Geoffrey's

wide experience would benefit the company, which has increased its international profile over recent years, notably through acquisitions of cable companies in the US, Spain and Italy. Sir Geoffrey will receive

the standard salary for BICC non-executive directors of about £20,000.

ITV network

7 per cent. Eastenders, BBC1's soap opera set in the east end of London, was the most popular narrowly beating Coronation Street, TTV's northern scap, which mustered an audience of 20.16m for one of the week's

Business rates. exemption

Homes used for bed and breakfast accommodation for breakiast accommodation for six or fewer people are to be exempt from business rates. Only people providing bed and breakfast as a subsidiary use of their own homes will be exempt, Mr Michael Portillo, the local government minister, said.

Dutch interest in ECGD

NCM, the Dutch credit insurance agency, became the first foreign company officially to express an interest in purchasing the short-term credit insurance division of the Export Credits Guarantee Department (ECGD). This division is to be

privatised later this year. The company said it plans to bid for the Cardiff-based division which insures £13bn to £14bn worth of exports a

NCM declined to give details ending confirmation from the government that it would be on the shortlist of companies invited to bid

Labour party. opposes quotas A future Labour government would use measures such as contract compliance, rather than quotas, to encourage



employers to recruit more ethnic minorities, Mr Roy Hattersley, the opposition's deputy leader, said.

Mr Hattersley said initiatives to increase employers rather than compelling them through a

UK ECONOMY

Company profits suffer steep FOREIGN a in South Ko plified appr drop after start of recession

UK COMPANY profits have registered their steepest quar-terly drop since 1981, according to official figures yesterday which reopened City of London speculation about a cut in interest rates to ease the reces-

The latest Central Statistical Office data showed that high interest rates and static demand hit profits of industrial and commercial companies from the start of the recession which is acknowledged to have begun in the third quarter of last year. Companies' gross trading profits, after deducting stock

appreciation, were down £1.3bn to £15bn in the third quarter of last year, a drop of 7.8 per cent. At an annual rate, profits fell 3.1 per cent over the quarter. Evidence of profits shrinking so rapidly at such an early stage of the downturn led some economists to expect renewed calls for cuts in base rates. subsequent quarters.
Mr Neil Mackinnon, mist at Yamaichi International, a Japanese-owned investment house, said: "Company profits will remain squeezed throughout the year as demand stays flat - the corporate outlook is pretty dis-

Separate CSO data showed that the personal sector has also made a sharp adjustment to the protracted period of high interest rates. As consumer spending slowed, the savings ratio - personal saving as a proportion of total personal disposable income - rose over the same quarter from 7.4 per cent to 8.8 per cent, the highest level since 1985.

The ratio has been increas-ing since interest rates were lifted to 13 per cent in 1988, giving an incentive for people to save more and protect the real value of incomes against

rising inflation. Mr Simon Briscoe, economist at Greenwell Montagu, the

London investment house, said the rise in average earnings growth last year of 10 per cent helped to push up the savings ratio, which he expected to reach double figures next year.
The figures, which have added some more flesh to the outline of the corporate recession, did not provoke much market reaction. However, analysts said they were important as they indicated that the recession had been quicker to bite, and would be deeper, than previously thought. The bleak picture provided was expected to limit the projected rise in the UK equity market this

The figures showed that dividend payments were still ris-ing, by 12 per cent to 25.5bn in the third quarter. But total

receipts were 27 per cent lower than in the second quarter and falling at an annual rate of 23 per cent. The value of the progress fell by £1bn in the quarter.

Tenders may be used to extract best price in electricity sell-off

By Clare Pearson

THE government is expected to ask institutions to submit competing bids for some of the shares in National Power and PowerGen as part of a drive to show it is trying to extract the best possible price for the two electricity generators due to be floated next month.

Such part-tenders enable institutions to increase the number of shares they have obtained in the flotation by submitting bids above the fixed price for the offer at which most of the shares are sold. The mechanism is more risky than selling all the

this week urged Mr John Wakeham, the energy secretary, to retain a minority shareholding in the companies for the state after the flotation in the hope

make known his decision on this issue within the next few

shares, the most likely proportion, would raise about £1.8bn. to this size, shares sold in the tender would be underwritten to insure against the government failing to dispose of a majority holding.

However, a tender would still add to the risk of the flotation, particularly if market conditions were volatile, by

uncertain.

The tender would take place of February, and the start of dealings, set for the beginning of March.

der was used in a government privatisation issue was 1987. It then proved successful in the July flotation of BAA, the airports authority, providing 156m of the \$1.3bn proceeds of the sale. The stock market crash in October that year certain circumstances - such as if their currencies are

devaluing. Exchange rates for the hard Ecu against the other currencies in the European exchange rate mechanism would be fixed by mutual agreement. The RMF would not reduce the exchange rate for the hard Ecu against any of the other cur-

• If the executive board of the EMF considers that a member government is failing to

tive board of the EMF would ties of the 12 EC states would would assist the EMF, but would "continue to carry out "be obliged to repurchase excess quantities of their cur-rencies from the EMF" under

> the EMF statutes.
>
> • The EMF would operate in financial markets in buying and selling hard Ecus and other currencies. It would consive rights to issue notes and coins in hard Ecus. These are

BBC beats rival The BBC has won its annual

battle against the ITV network

for the lion's share of the Christmas television audience. BBC1 and BBC2 attracted 54 per cent of the audience during Christmas week. BBC1 was the most popular channel with nearly 45 per cent of all viewers. ITV attracted just over 39 per cent of the

programme. One episode was watched by 20.17m people,

Roy Hattersley: not in favour of quotas

workplace equality would encourage better practice by quota system.

Crash casts fresh shadow over British Rail

■ WO factors are likely to explain the accident

which yesterday morning turned London's Cannon Street station into a scene of The first is the immediate

cause, widely thought to be a brake failure, although other factors such as driver error cannot be ruled out. The detailed British Rail technical inquiry which began soon after the accident will ascertain whether the ageing braking system was to blame. However the full explanation is likely to involve a second general factor - the culture, management and finances of British Rail.

That combination was at the heart of the explanation Sir Anthony Hidden's report gave for the Clapham Rail disaster in December 1988 which claimed the lives of 35 people.
The report, published in
November 1989, identified the
cause of the accident as faulty wiring on a signal. But the explanation for why the wiring had not been done correctly lay with the inadequate way the task was managed. The report uncovered a chain of incompetence stretching from senior managers, through first line supervisors to the techni-cians who worked on the wir-

ing. It was that chain which created the potential for the British Rail committed itself to implementing all the recom-mendations of the Hidden

inquiry. It was meant to be a new start for the corporation which in the last few years has been has been bedevilled by industrial disputes, staff shortages and growing complaints about poor standards of service, as well as serious accidents at Clapham,

Puriey and Glasgow.

passenger was killed in an accident. The corporation appointed a safety director and adopted procedures to make sure safety was taken into account in investment plans. However the Cannon Street accident once again casts a dark shadow over British Rail, the progress it has made in implementing the Hidden

inquiry recommendations and

the priority it gives to safety.
One possibility is that the

accident was due to driver

In 1989-90 no British Rail

muter trains after the crash which killed The 7.58am into Cannon Street Station is pictured crushed into the buffers with one of its carriages pushed up over the mangled wreckage of the compartment in

error. However this may not be as simple as it sounds. The

one passenger and injured 248. The train from suburban Keut, which had been carfront. Today the government is facing opposition Labour party demands to legislate against overcrowding on aging com-

railway unions argue that staff ness of BR's maintenance shortages and low pay mean that dangerous levels of over-time are still being worked, especially in the London commuter area. Recruitment and training may also have been a factor in the crash. A second driver was in

the cab of the train. BR would not say whether this was because the driver was under instruction or supervision. The leading suspect is not driver error but a failure of the

rying some 800 passengers when it col-lided with buffers at London's sixth busiest station, dated from the 1950s and was due for renewal at the end of the year. Sir Bob Reid, BR chairman, said it appeared

The braking system may have been prone to failure because the rolling stock was particu-larly old. It was in service before many of the passengers it carried yesterday had been

The average age of rolling stock on Network South-East is 16 years. Inter City rolling stock is all less than 15 years old and within the next few years provincial services will all run with modern trains,

therefore accepts that mainty for the acci-dent". He said claims for compensation would be considered "sympathetically and as quickly as possible." The first four coaches on the train were barely damaged while the sixth ploughed underneath the fifth carriage. Picture by Tony Andrews with sliding doors. Commuter services in the south east have older trains because they are Such a failure will raise questions about the effective-

> it is more difficult to earn an adequate return from them. Newer trains are by definition safer by virtue of their design. One reason for the extent of the injuries may have been that people had already got up

muter trains there is more

room to stand and automatic

sliding doors would have pre-

used less intensively and thus

and opened the doors ready to endemic to the railway culture run down the platform to and organisation. The Cannon work. On the newer, safer com-

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vented some of yesterday's An inquiry into the crash

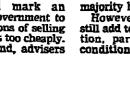
no outside factors were involved and "BR therefore accepts full liability for the acci-

will also want to examine whether BR is ensuring that it meets its load factors. The number of injuries may have been explained by the crowded conditions of the train. The Hidden report warned that the problems which led to the Clapham disaster were

Street crash seems to be confirmation that those deep seated deficiencies have not yet been made good.







it can be sold on better terms in a few years' time. Mr Wakeham is expected to

A sale of 60 per cent of the If the flotation were limited leaving the value of part of the between the pricing of the shares, scheduled for the end

not less than 20 per cent of the shares sold, although details The last time a partial ten-

it would be likely to involve

interrupted plans for its use in the share sale for British Petro-

Charles Leadbeater looks at the implications of yesterday's rail accident in London

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bandry techniques to create thriving businesses, they are now being forced to confront the problem of how to dispose of the industry's biggest by-product - tonnes upon tonnes of manure.

tonnes or manure.

Unlike some of Europe's more widely-known agricultural surpluses such as grains, milk wine and clive oil, the Dutch manure and olive oil, the Dutch manure "mountain" is cause for serious environmental concern. Thanks to intensive methods of livestock keeping, farmers have built up a 112m-strong berd of bens, pigs, ducks and cows, far outweighing the human population of 15m and straining the ability of the countryside to absorb ability of the countryside to absorb the resulting manure.

The animals generate 80m tonnes of manure a year. Of this, 14m is considered to be surplus because it cannot be spread safely on fields in the same province as it was produced without exceeding the gov-ernment's strict manure "norms". Until now, the answer has been to transport the unwanted manure to other parts of the country. With the

surplus continuing to expand, envi-ronmental engineers in the Netherlands are now urgently trying to find a more permanent solution. Stench, the most obvious problem caused by excess manure, is the least of livestock farmers' worries. The real challenge is to find ways of

reducing the water and air pollution

caused by ammonia and phosphate in the animals' excrement. The scale of the environmental damage threatens the very survival of the Dutch livestock sector, an industry that generates annual sales of some FI 10bn (£3bn). Increasingly, environmental groups and some politicians are calling for a reduction in livestock numbers in order to spare parts of the country

utch livestock farmers are quickly falling victim to their own success. Having perfected animal hus.

The Netherlands' growing manure techniques to contain the Netherlands' growing manure mountain is threatening the survival of the country's livestock sector

Farmers in a muck sweat

 particularly the south - from further environmental harm. To ward off involuntary cuts in Dutch animal herds, the country's powerful agricultural community has joined with industry to seek ways of disposing of the surplus manure. Dutch companies like DSM and Gist-brocades and foreign groups such as Kemira and Ferruzzi

level the manure mountain Most projects are still at the research and pilot-production stage but hopes are high that commercial success will soon follow. It is by no means clear, however, that industrial solutions will be ready in time to avoid government-imposed limits on livestock numbers in the 1990s. So far, the potential solutions include:

are participating in projects, both directly and indirectly, designed to

 Developing farm equipment that injects manure into the soil rather than spreading it on top of the fields, preventing ammonia from escaping into the air. Adapting animal feeds so that the livestock absorbs more minerals, leaving fewer harmful sub-

stances behind in the manure.

• Treating the manure to rid it of damaging ammonia.

Processing the manure itself by turning it into fertiliser pellets for export.

The most obvious solution using the manure on the land as a fertiliser - is no longer enough in itself. The amount of manure produced in the Netherlands and the amount of land available in the small and crowded country are adly out of balance: much of the soil is saturated with minerals and cannot be made to absorb any more. The result is that phosphate seeps into ground water and ammonia escapes into the air before returning to earth in the form of acid rain. The abundance of manure in the Netherlands reflects its farmers' success in harnessing new livestock techniques. "Battery" hens and chicks now number 93m, a four-fold increase from 1950. In the same 40year period, the pig herd has jumped by 675 per cent to 14m and the cattle herd by a more modest 80 per cent to 4.9m. Eventually, the Dutch hope that much of the surplus manure can be

converted into pellets for export. A

pilot plant with annual capacity of 100,000 tonnes of manure is already in operation in the southern town of Helmond, in the heart of the pigraising region. Two additional plants with annual capacity of 600,000 tonnes each will also be built soon as part of ambitious

plans to process 6m tonnes of manure into pellets by 1994. The FI 24m pilot plant for pig manure is operated by Promest BV, a joint initiative of several farmers' unions, agricultural firms, slaugh-terhouses and Rabobank, the big agricultural lender. Bert Hilberts, Promest's general manager, says the biggest hurdle in the way of large-scale manure-processing is getting permission from local counclis to begin operations.

Despite Hilberts's arguments that

Promest's closed-system methods do not emit odours, towns and villages are wary of his manure factories. "The frustrating thing is that we are perfectly capable of building the needed factories, finding the financing and tapping export markets. The only thing we can't do is 'make' the sites and permits that are needed," Hilberts says.

Queen Beatrix of the Netherlands gives the seal of approval as she sips water recycled from pig manure

Promest's pig manure is collected from participating farmers in a 25km area around the factory. The manure is then stored for 15 days in a "digester" where it is heated and broken down by bacteria before entering a centrifuge which sepa-rates the solids from the great quan-tities of liquid found in unprocessed manure. This process creates a manure "cake", which is then turned into pellets, and water, which is then purified into clean water of drinking quality.

Because unprocessed manure consists of about 90 per cent liquid. the plant's yearly manure capacity of 100,000 tonnes produces just 11,000 tonnes of dry pellets. So far, Promest has found customers for its

pellets among wine growers in Por-tugal and in Spain, where it works together with the Spanish subsidiary of Italy's Ferruzzi group.

ALL IN TO

Hilberts says market studies show that the pellets could attract buyers as far away as Japan and California, even after allowing for the transport costs that would come on top of the pellets' price of Fl 200 per tonne.
The two-year-old factory, which is

partly state subsidised, is still operating at a loss and does not ever expect to do more than break even - the goal is not profit but ensur-ing the survival of the Dutch live-stock sector. Part of the cost of running future plants will be met with a levy on livestock farmers.

Sceptics doubt whether the government's target of 6m tonnes of processing capacity will be reached by the end of 1994. Hilberts says that this amount of capacity may not be needed if other types of tech-

nology prove successful in changing the composition of the manure.

One of the most promising techniques has been developed by biotechnology group Gist-brocades and the Dutch animal feeds board. In early 1991, after four years of research, the company plans to launch commercial sales of a feed enzyme with the trade name Natuphos which reduces the amount of

phosphorus found in pig and poultry manure. The enzyme enables single-stomached animals like pigs and chick-ens to "unlock" the phosphorus compounds that are contained in feedstuffs, avoiding the normal practice of overloading animal feeds with phosphorus to ensure that the animals absorb a sufficient quantity. The more phosphorus that is

digested, the less that remains as a waste product in manure. The enzyme additive will be sold to mixed feed producers rather than to individual farmers, with BASF, the German chemicals group, han-dling foreign sales. Cattle, which are multi-stomached, can easily unlock the phosphorus in feed on their own, but their manure is par-ticularly high in ammonia content. DSM and the Dutch subsidiary of Kemira of Finland are both running experiments on treating cattle manure with nitrous acid to neutralise the ammonia without reduc-ing the manure's value as a fertiliser. Because of the scale of the Dutch manure problem, the country already leads the world in research

into treating and processing this natural fertiliser. The Netherlands' first priority now is to export its manure as fer-tiliser. But in the long term, Dutch companies are also hoping to export their know-how to Taiwan, the Po river area of Italy and the Brittany region of France, all of which share the Netherlands' predicament of too many animals on too little land.

ince the beginning of last year Sisons, the fast growing pharmaceutical, scientific instruments and horticulture group, has been the target of a powerful coalition of environmental pressure groups campaigning against the

Widely used as a compost and mulch by amateur gardeners and commercial horticulturists, peat seems a prosaic material to have stirred so much controversy. About 90 per cent of Fisons' peat is used as compost and it is the higgest producer of peat as a growing medium in the UK.

Fisons was thus a natural target for the Peatlands Campaign, an environmental coalition including Friends of the Earth, the World Wide Fund for Nature and the Royal Society for Nature Conserva-

The environmentalists complain that the stripping of peat is leading

reference in a replacement an instructionaries.

to the destruction of habitats which are often sites of special scientific interest and that rare plant, bird and insect life is being destroyed. They maintain that there are viable

alternatives to peat.
Fisons and the Peat Producers Association, whose members account for 98 per cent of British peat production, say there is as yet no satisfactory alternative to peat for its main use as compost. This is also the view of the Nature Conservancy Council, which advises the

UK government. But behind the controversy lies a larger issue. Some of the green campaigners are not concerned solely with conserving peat bogs. They also regard it as a test case to see whether institutional share-holders can be persuaded to pressurise large companies into changing their environmental policies. Shareholders in Fisons were urged to press the company to

Remaining firm about peat

Fisons is not flinching under pressure, says John Hunt

cease peat-cutting operations, invest more in developing alterna-tives and put more resources into rehabilitating bogs where peat has been extracted. This was inspired by so-called Valdez principles in the US — named after the Exxon Valdez oil pollution disaster off Alaska — under which some com-panies have agreed to make themselves more environmentally

But after 10 months the success of the operation in the UK has been limited. It has had little impact on Fisons and has not achieved a breakthrough in establishing the principle of shareholder pressure. Since the campaign was mounted last March Fisons' sales of peat have increased by 13 per cent – despite a day of action by local groups of Friends of the Earth urging gardeners to buy alterna-

Mark Campanale, who is a cam-palgner for the Valdez principles, concedes that the campaign has has been a "disaster" in its failure to reduce peat sales. "But it was a insofar as we were able to interest institutional investors in

Another Valdez campaigner is Stuart Bell of Pensions Investment Research Consultants Ltd (PIRC), advisers on "socially responsible investments" whose clients include local authorities and trade unions. He circulated 50 major investors in Fisons urging them to take up the issue with the company. But Fisons says that it heard from only a few of its investors requesting more information about the

controversy. As a result of the lobbying South Yorkshire Pensions Authority, which owns 800,000 shares in Fisons, has arranged to meet direc-tors of the company to discuss the issue. The authority handles the pension funds for local authorities of Doncaster, Sheffield, Barusley and Rotherham.

Among the institutional share-olders Clerical Medical, the insur-

ance company, says it will be writing to Fisous for clarification of the matter although it stresses that it is a commercial decision for the

company.

Fisons has taken vigorous steps to defend its record against the peat campaigners and has hired communications consultants Dewe Rogerson to advise on the presentation of its case. Pisons has produced a video explaining the issue, briefed peers and MPs, circulated local authorities and held meetings with officials at the Department of

the Environment,
The Peat Producers Association, which has distributed leaflets to garden centres, is now drawing up a revised code of practice on peat extraction. This will commit the industry to developing alternatives and to continuing liaison with conservation bodies to rehabilitate areas of peat once they are taken out of production.

Pisons points out that it has been conducting research into alternatives for 25 years, well before the green organisations took up the issue. The company is not looking for additional sites. Its present ones will last into the middle of the next

"If we don't produce peat there would be no point in maintaining the horticulture division. We are not trying to paint ourselves lilly white. But we are not the ogres that the conservationists would have people believe," says the com-

pany.

Five per cent of the total group profit is generated by the horticul-ture division. The half yearly report to June 1989 showed group profit before tax up 35 per cent and earnings per share up 20 per cent. The horticulture division showed a rise in profits on the half year -£3.6m compared with £2.6 the first

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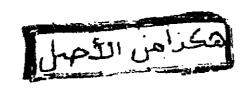
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Under relentless pressure from competitors and costs, and egged on by management gurus such as Tom Peters who preach that "the only constant thing today is change", virtu-ally every self-respecting large European and American company these days is running at least one organisation-wide 'change programme".

Never slow to spot a money spinner, consultancies are fall-ing over each other to offer their services in what they expect will be a boom business for several years to come. Some of the change pro-

grammes carry the label of "total quality management". Others are christened with zappy titles such as "the way we do things around here" Still others focus on the concept of "organisational capa bility", while the decidedly uninspiring term "management in the 1990s" is also cropping up all over the place. Many of these ambitious,

but varied, efforts will either fail entirely, or have a short-term impact and then die. For the management of change is a much more chal-lenging and multi-faceted process than most companies real-

The usual reason given for the failure of change proes is either "inadequate leadership" or "you can't mob-ilise an organisation except when it's facing a crisis. If the crisis disappears, so does peo-Such explanations are mis-

leadingly - even dangerously - one-dimensional, according to a far-reaching study of "managing change for compet-itive success", which will be published next spring.*
The study examined the successful and less effective man-

agement of strategic and organisational change in eight well-known British companies over more than 20 years to 1989. It was carried out by Professors Andrew Pettigrew and Richard Whipp at War-wick Business School's Centre for Corporate Strategy and Change. Pettigrew is best known for his acclaimed history of ICI, the UK chemicals multinational

Covering four sectors, with the subjects included: Kleinwort Benson and Hill Samuel (merchant banking); Jaguar Corporate renewal

Juggling lots of balls in the air.

... while standing on a moving platform. Christopher Lorenz reports on the latest management challenge in a climate where 'the only constant thing today is change'

and Peugeot-Talbot (car manufacturing); Longman and Associated Book Publishers (book publishing); Prudential Corporation and another insurance company (which has so far wished to remain anonymous). "You're talking about very

complex interconnected processes," Pettigrew told recent workshop held at the Cranfield Centre for Strategic Management and Organisational Change. "It's like jug-gling lots of balls in the air while the platform on which the juggler stands is moving all the time. Drop one of the balls, or forget to pick it up in the first place, and the effect will be critical."

Pettigrew was too polite to say so, but many of the change processes launched over the past year by the likes of British Telecom and British Petroleum - and by countless lesser fry - will risk running out of steam unless they meet his very demanding criteria.

This is particularly the case where, as with BT, a complete combination of strategic, organisational and cultural change is required. But it is change is required. But it is also true for companies such as BP, where the change is less one of strategy than of culture and the way the organisation operates. Just changing that is a tall enough order in itself.

The difficulty of sustaining even a remarkably successful change programme has been demonstrated graphically in the last few years by Scandina-vian Airlines (SAS). Under the glamorous leadership of Jan Carlzon, it catapulted itself in the early 1980s from suffering a debilitating production men-tality – and expensive finan-cial losses – to a position of great customer popularity. But British Airways, in par-

ticular, has since overtaken it with what seems to have become a more effectively sustained change programme - with consequent benefit to managerial and employee behaviour, market success, and profitability.

In the US, one of the few companies which has become capable of sustaining continu-

under Jack Welch's chairmanship since 1981. The internal revolution at

Ford, so heralded by consultants and academics - notably Richard Pascale in his perceptive new book, Managing on the Edge** - has been impressive, but has yet to prove its long-term staying power. Only in Japan, within companies such as Honda, Sony, Toshiba, NEC, Komatsu, and countless others, does there seem to be a widespread ability to prolong change beyond a few years. In Britain, even Sir John Harvey-Jones, who led a widely admired change process as chairman of ICI between 1982 and 1987, admits organisation to revert to its old values once a changeminded leader moves on. This is especially likely if the leader has by-passed middle anagement in order to motivate less senior employees, as

Carlzon did at SAS.
At the Cranfield workshop
Andrew Pettigrew quoted Sir John as saying regression had happened very rapidly at ICI's petrochemicals division after he left it in 1973 on his way up the corporate ladder.

The main message of the

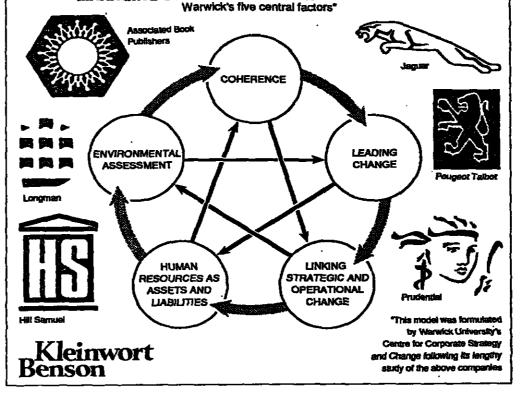
Warwick study, says Petti-grew, is that "there is no par-ticular lever which can be pulled in order to manage change successfully". Instead, a whole panoply of inter-related levers must be pulled together, or at intervals over long periods of time, in a coherent but coustantly changing fashion.
"Successful change mange-

ment is not just a complex process, but it is also relatively unstructured." comments Pettigrew. "One needs to hold the organisation together, while reshaping it at the same time." The juggler's task is daunting indeed.

* To be published by Basil
Blackwell, Oxford, England.

** Published by Viking Pen

guin, £16.99. Richard Pascale will be the keymote speaker at a Management of Change conference in London on Pebruary 21: details from The Event Organisation. Tel: 071-228-8034. Fax



MANAGING CHANGE FOR COMPETITIVE SUCCESS:

Conditioning and coherence

oherence - of direction, actions, and timing - is only one of the five factors cited in the Warwick study as vital to the successful management of change. But it is also very much the study's leitmotif. Pulling all five levers in coherent combination may seem quite enough of a challenge, but Pettigrew and his colleagues also warn that no

amount of organisational innovation can be effective unless it is underpinned by various sorts of "conditioning". 'In many cases, lack of con-

ditioning is a problem," Petti-grew told the Cranfield workshop. Lesser performers tended to put in place new systems mechanisms, but did not grew argued. create the conditions required for them to work effectively such as justifying the need for

change, and ensuring that appropriate human and other resources were made available.

"Organisations need to be open-learning systems," Petti-

This was one of Jaguar's fail-

els, right down to branch and

factory. "In our experience, the airport bookstall view of charismatic individual leadership is grossly simplistic," said Pettigrew. "There may be a John grew. "There may be a John Egan — a person driving the organisation — but a whole set of complementary people, and assets, plays a key role. It's not a question of a single hero appearing waving a flag, and everyone whirling behind him into the new world." into the new world.

Nor, of course, is there a common leadership style. Contrasting the high-profile, personality-based approach of Egan at Jaguar and the quiet, team-focused manner of Geoffrey Whalen, his counterpart at Peugeot-Talbot, Pettigrew advocated a leadership style which fits the context, circumstances and requirements of the particular situation and

One of the least understood aspects of leadership, he said, was the ability to raise the climate for change and increase the energy level of an organisation". You only needed to walk through the door of some companies to realise they had an energy level which was "completely dead".

S. Linking strategic and opera-tional change. Several of the lasser performers in the War-wick study "were pulling stra-tegic levers at the top that tight" connect with anything". didn't connect with anything", reports Pettigrew. "There is a very clear gap between strate-gic and operational change."
To bridge the gap, organisa-tions must be "conditioned" by the creation of the necessary new visions, values and business direction. Then these needed to be reinforced, and translated into action, through mechanisms such as revamped communication flows, and the

The latter was far more difficult to deal with than most companies realised, the Cranfield workshop was told by Professor Paul Evans of Insead, the Paris-based business

personnel reward system.

"It's easy to take glamorous actions, but much harder to change the deep nature of the

reward system, of job evaluation, and of career structures," said Evens.

4. Treating people as assets, and as investments rather than costs. Many companies pay lip service to this goal. Few really carry it out. To do so, organisations must link their "human resources" strategles to their business direction, as the Warwick study points out.

This may seem a platitudinous objective, but Pettigrew, Evans and other experts say it is one of the biggest barriers to

successful change.

A spate of conferences last antumn in Britain and other European countries, with speakers from the likes of IBM, Digital Equipment, British Airways and ICL, has also shown how difficult this objective is to accomplish. Pettigrew's point is no less

forceful for its obviousness: that, in order to compete successfully at any point in time, companies need to create— from top to bottom—a com-plete set of appropriate skills, knowledge, standards and attitudes. As time changes, so will many of the necessary attri-butes. The Warwick study shows considerable variance between different companies ability to create these assets and change them as nec Only with a corporate talent to do these things can an

organisation sustain change over long periods.

Just as important is to learn
how to create change without

SAS), or one caused by privati-sation (as for British Airways and BT), is clearly the most powerful trigger for the first phase of change.

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Thereafter, however, change tends to be sustainable only if are highly responsive to the appearance of new information from the outside, and the emergence of new capabilities from

The artificial creation of further dramas and mini-crises a well-tried weapon of any effective leader - can often play a useful role, although this can all too easily degenerate into crying wolf.

Far more effective - and far

more challenging is to create an organisation in which

Many more companies must now master the art of sustain-

for By John Ric

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improving their production and quality standards even fas-1. Environmental assessment The bases of an organisation's competitiveness change over ter than it was; and it misread time (hence the "moving platits relations with politicians

In addition to coherence, his other four success factors are: form" in Pettigrew's juggling analogy). So, at every level, the organisation needs constantly to assess its competitive and customer environment - and also, where relevant, the changing regulatory climate.

ings under Sir John Egan in the late 1980s, Pettigrew claimed. The company misread its environment in two ways, he suggested; it failed to grasp that its German rivals were over the government's willing-ness to hold on to the protective "golden share" in Jaguar. 2. Leading change. The ability to do this is needed not only among the team at the top of an organisation but at all lev-

Digest of Michaelmas term cases

FT LAW REPORTS

Pepper v Hart
(FT, November 16)
IN A case where masters at a private school were not charged full fees for the cost of educating their sons, the issue was whether the "cost" of the benefit enjoyed by staff com-prised, as the staff claimed and the special commissioner held, additional direct costs; or whether, as the Revenue con-tended and Mr Justice Vinelott held, it included a rateable proportion of the general running expenses. Dismissing the masters' appeal against Vinelott J's decision, the Court of Appeal held that the initial difficulty of the case concerned an "in-house benefit" of the use of surplus capacity. Each place cost the school as much as every other place. Thus the expense incurred by the school in providing that benefit for any one member of the staff, any one member of the stail, such as the bursar, was a proper proportion of the gen-eral running expenses of the school, since those expenses related partly to the benefit provided for the bursar and "partly to other matters" under section 63 of the Finance Act 1976, by subsection (2) of which the "cost" of a benefit was "the amount of any expense incurred in . . . its provision, and . . . includes a proper proportion of any

expense relating partly to the benefit and partly to other matters". Midland Bank plc v Brown Shipley & Co Ltd; Citibank Na v Brown Shipley & Co Ltd (FT, November 20)

BROWN Shipley, the receiving bank, having been approached by persons purporting to act on behalf of a firm, telephoned the issuing bank to ascertain that a dollar draft was in order. It received an unequivocal reply that the draft was genuine and issued in the ordinary course of business. It then handed over the sterling to the messenger. In fact the draft in favour of Brown Shipley was (a) not signed in accordance with the mandate; (b) contained an unauthorised signature and (c) the other signatures were forged but not checked by the issuing bank. The same transactions were again repeated by the fraudsters. Giving judgment for Brown Shipley in the plaintiffs' action for conver-sion, Mr Justice Waller stated that neither Midland or Citibank were under any mistake or misapprehension as to whom the draft was to be delivered. The bailee who physically carried the draft was a nger whose precise iden-

tity was unimportant. Once there was authority, title was transmitted directly from the banks to Brown Shinley.

Derby v Weldon (FT, November 21) MR Justice Mummery refused the plaintiffs' application for an order for disclosure of the expert accountants' report of the defendants under the Rules of Supreme Court, Order 38, rules 36 and 37. On the plaintiffs' appeal to the Court of Appeal against the judge's refusal to direct the defendants to serve the report on the subject of the alternaon the subject of the alterna-tive initial conspiracy, it was held that there was no sanc-tion for achieving disclosure of experts' reports in advance of the trial, though it was open to a party to waive privilege by voluntary disclosure. The provisions in Part 4, in particular rule 36 and other rules, did not have the direct effect of overriding the privilege. The party could choose whether or not to call his expert but the expert's report, until disclosed, was privileged. When it was disclosed it lost the privilege, but that did not waive privilege automatically over the thoughts of the expert on a tonic with which he had topic with which he had expressly disclaimed dealing.
Rosseel Nv v Oriental Shipping (UK) Ltd
(FT, November 23)
ARBITRATION proceedings were brought in New York between the parties in a disc

between the parties in a dis-pute over a contract which was subject to New York law and contained a New York City arbitration clause. The arbitrators found that the plaintiffs were entitled to damages for breach of contract for \$4.26m. The first issue related to the impact on the enforceability of the award of two joint stipula-tions, which pre-dated the award in US legal proceedings and, by consent, made orders of court. In terms they stipulated that "the parties agree that any proceedings to confirm or vacate the arbitration award" would be brought in the Southern District New York count It York court. It was common ground that the award was a "Convention award" within the 1975 Act, which enacted the New York Arbitration Convention 1958 in the UK. Granting leave to enforce the award, Mr Justice Steyn stated that there was a difference in US law between proceedings for confir-mation of an award, and pro-ceedings for enforcement of an award. The joint stipulations related to confirmation proceedings but did not touch the

The Baleares

(FT, November 27) IN THE Nema [1982] AC 724, the House of Lords laid down guidelines for leave to appeal from decisions concerning arbitral awards under section 1 of the Arbitration Act 1979. By a majority, in the instant case, the Court of Appeal held that the Nema guidelines were not the Nema guidelines were not intended to apply and did not apply to applications for leave to appeal to the Court of Appeal. There was no reason why the test for giving leave to appeal from a judge should not be different from that for giving leave to appeal from arbitrators. If regard was paid to "speedy finality" there was no justification for making appeals more difficult to maintain than other appeals where tain than other appeals where leave was necessary. This case, involving two points of law of general importance and a sum of nearly \$1.5m, was suitable for the granting of leave. Tacoma City (FT, November 28)

THE claims arose out of the collapse in 1985 of the Reardon Smith Line and its subsidiary companies. The plaintiffs were all officers who served aboard Tacoma City and claimed severance pay totalling £119,662. The bank as mortgagee issued a writ in rem against Tacoma City on June 4 1985, and she was arrested. If the plaintiffs were entitled to maritime liens in respect of severance payment each would recover in ment, each would recover in full in priority to the bank if the plaintiffs did not have maritime liens, the bank would take the whole of the proceeds and they would recover noth-ing. In dismissing their appeal against Mr Justice Sheen's dismissal of their claims, the Court of Appeal stated that severance payments under the National Maritime Board agreement were outside the concept of "wages" (see The Arosa Star [1959] Lloyd's Rep 396) thus providing no basis for maritime liens. Shepherd v Law Land plc

(FT, November 30)

LAW LAND was incorporated and resident in the UK.
Throughout its accounting period ending March 31 1983, it owned all the shares in Mercure which was resident in the UK for tax purposes. Accordingly, Mercure was a "75 per cent subsidiary" of Law Land within the meaning of the Taxes Act 1970. In the year to March 31 1983 Mercure made trading loss which it surrendered to Law Land and for which Law Land claimed the benefit by way of group which benefit by way of group relief for the year to March 31 1983.

On January 6 1983 Law Land had granted to an unconnected Belgian company and its sub-sidiaries (the AG group) a series of options under which the AG group was given the right to acquire all the shares of Mercure. Those options were exercisable until February 14 exercisable until February 14
1983. The options lapsed and
the shares in Mercure
remained the unfettered property of Law Land during the
rest of the year ending March
31 1983. It was common ground
that the options in favour of the AG group were arrange-ments of the kind referred to in section 29(1)(b)(ii) of the Finance Act 1973. The tax inspector disallowed the loss on the ground that it was not on the ground that it was not within section 29 while a special commissioner upheld the claim. In dismissing the Revenue's appeal, Mr Justice Ferris accepted Law Land's main positive argument that the date words, namely "on or after March 6 1973" of section 29(1) being explained as mere words of commencement, the consequence provided by the concluding words of section 29 could apply only if the pre-conditions in paragraphs (a) and (b) were satisfied.

Atlas Maritime Co SA v Ava-ion Maritime Ltd

(FT, December 4)
MARC Rich advanced funds MARC Rich advanced funds to Avalon, a tax-exempt company incorporated in Gibraltar, purchased for that purpose by a Liberian subsidiary of Marc Rich to buy the Coral Rose for \$7.92m. Avalon's formation, the purchase, repair and operation of Coral Rose, were all funded by Marc Rich's loan to Avalon Atlas claimed that Avalon had agreed to sell it Coral Rose for \$15.5m, and had wrongfully repudiated the contract. The plaintiff obtained a Mareva injunction on the ship's proceeds. Refusing to discharge the injunction, the Court of Appeal stated that a holding company was free to arrange the affairs of its group in such a way that the group's business in a particular project was carried on by a subsidiary. The company and the subsidiary could be respected as the state of the state of the subsidiary could be respected as the subsidiary could be respected as the subsidiary. company and the subsidiary could be regarded as two sepa-rate entities. But in considering the exercise of a discretion and the scope of injunctive relief, it was then legitimate to look at all the circumstances, to examine the nature of the debt and the identity of the creditor. The "eye of equity", in such a case, could look behind the corporate vell.

Aviva Golden

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A competitive crisis (as for large parts of the organisation

constant learning and renewal are part of the culture. Honda, 3M and a few other icons of the management world. have certainly achieved this.

ing Pettigrew's juggling act ad

Capriccio COVENT GARDEN

The first new Royal Opera production of the year (shared with the San Francisco Opera, and sponsored by Goldman Sachs) is of Strauss's final opera, which the company are presenting for the first time – the 1958 and 1972 performances were given during the London visits of the Bavarian State Opera. It is gruesomely over-dressed and alarmingly undercooked, an event at once so pretentious and so pallid that for most of it I kept myself from slipping into a come by pondering some rather grumpy questions.

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Such as: who thought this epitome of the festival-opera genre belonged in the company's repertory, and in a house of this size, at all? (In Stephan Kohler's programme notes Strauss's conviction that Capriccio is "not a piece for the general public", and that intimate acoustics "outweigh all other considerations" in its performance, is unkindly quoted in full.) Who thought an internationally celebrated dress designer of (on this evidence) minimal feeling for theatre was the right person to clothe the show?

Who decided to start an opera of reasonably compact size and continuous format half an hour late and then break it midway with an interval? And, most pressing of all, who believed that an idea for updating the work first tried very successfully - at Glynde-bourne nearly two decades ago was worth re-hashing in 1991? Whoever the culprits are, their heads should roll.

This is John Cox's third go at Capriccio in Britain. The first, af Glyndebourne in 1973, had Martin Battersby's elegant 1920s costumes and designs; more important, it was delivered with such civilised urban-ity by casts headed first by Elisabeth Söderström and later by Felicity Lott that the production conceit was translated into a rare exercise in operatic high style. In 1985 Mr Cox tried out a second, "Scottish country house", version for Scottish Opera, the manifold fallings of which ought to have sent him (and Covent Garden) a warning of Erda-like gravity. But no, here we are in Mauro

Pagano's vast, rococo frescoed, chilly-looking pulazzo — the sort of chamber a film-maker like Visconii or Bertolucci might choose for the deathscene of some ancient aristocrat - watching a troupe of clotheshorses posture their way through a set of arch and, on the whole, unrelievedly

The Park Lane Group's "Young Artists and 20th-Century

Music" series has been running

now for 35 years. In that time the face of contemporary

music has changed utterly - it

is no longer a covert, self-regarding ritual, put on before

audiences that can be counted

several generations of performers to whom playing complex

scores with the accuracy and vitality they demand is second

nature. But the PLG series

appears to have adapted itself hardly at all; the week of con-certs in the Purcell Room

remains the same dutiful

democracy of instrumentalists and singers with its unspoken rota of featured composers and

publishers'-catalogue approach

to programming - where else would one find Hindemith's

Harp Sonata, or recitals con-

cocted from obscure pieces for solo bassoon or solo viola?

provided a valuable platform for new talent. The PLG

When it began too, the series

in handfuls, and there are now

PURCELL ROOM

PLG Young Artists



Kiri Te Kanawa and Thomas Allen

weary motions. Gianni Ver-sace's snazzy carnival-coloured outfits are no doubt just the type a Covent Garden audience would itself like to wear, but their theatrical character, and their aptness to a house full of artists discussing Gluck and Goldoni, not to mention the competing theatrical merits of music and words, are simply non-existent. This lot would be discussing Twin Peaks and Miss Saigon.
What on earth, one swiftly

comes to wonder, is it all for?
This is an opera I have in the past worried over, and recently learned shamefacedly to admire for its delicate quiet lyricism and affectionate, if at times rather lengthy, musings on the very nature (and mir-ror-reflectiveness) of Art. It's hard to believe this largely life-less reading, with its mimsy stage groupings and grossly farcical over-acting of the inserted dance and opera divertissements, will win Capriccio many new friends; indeed, it's a measure of the work's unsuitability to the house that the opening offstage string sextet has to be brought oustage and later shuffled off to make up an extremely awkward and to the newcomer, I have no doubt - extremely un-arrest-

ing first scene.

The performance is not entirely lifeless. Thomas Allen as the Count and Anne Howells (the unhappy victim of Mr Vërsace's most rifliculous design notions) as the actress Glairon threaten to wake us up

with their comic verve and prodigious gifts of stage projection whenever they hold the spotlight. David Rendall's Flamand, though a bit gritty of timbre, unleashes several outbursts of passionate eloquence; between him and the surly, thickly and gracelessly sung Olivier of William Shimeli there's really no contest.

The servant octet, John Dobson's sleepy prompter, and Roderick Earle's major-domo are all deftly managed; and in La Roche's long defence of the director's art Franz Ferdinand Nentwig (single native German in the cast) compensates for wobbly tone with verbal argu-ment of a trenchancy that briefly ruffles the air of drowsy

But with a conductor, Jeffrey Tate, who ambles torpidly through the score, and a leading lady, Kiri Te Kanawa, who hovers like an attractive and well-behaved wraith on the edge of the proceedings, every hope of an emergency blood transfusion of musical vitality is dashed. It seems long years since Dame Kiri strode the stage with any real theatrical animation; she has learnt the words, and makes some lovely sounds at the top of the stave (as well as some worryingly wispy ones lower down), while leaving a complete hole at the centre of the production. This partieular production can hardly afford or support it.

Max Loppert

TELEVISION

New year crime wave

hank goodness that is over. The way the British have changed in less than one genwho took two days off at the winter solstice to a people who now take two weeks off, and sit down to watch an average (an *overage*, mark you) of five hours television a day, will surely, become the subject of historical

research eventually.

To a professional viewer who has in the past found it highly enjoyable to watch all 16 hours of Heimat at one sitting, but who finds the Christmas programme fest almost unendurable. this weird habit suggests two thoughts: that most of the British must loathe their jobs and prefer doing almost any-thing else; and that they must really love television, especially the sort which is provided in such huge quanti-ties at Christmas.

So did I not watch E.T. on BBC1 on Christmas Day and find tears coming to my eyes? Actually I did (though part of my mind was wondering how on earth Spielberg does it: far from being naturally appealing, boys on BMX bikes tend to be highly obnoxious, so is it just the attraction of the idealism of youth triumphing over the cynicism of adult-hood which makes the climax so affect-

And did I not fall for the punk charms of Nigel Kennedy as he stomped his way through *The Four Seasons* and Bruch's Violin Concerto on Channel 4? Very nearly, though a little more attention to Vivaldi and Bruch and a little less of the marketing man's adulatory concentration on Kennedy would have

been an improvement.
Having persistently missed Jean De Florette and Manon Des Sources in the cinema I was delighted to be able to see these two French movies with the power and economy of Chekhov plays or Greek tragedies on BBC2. The same channel did us a favour by repeating four 30-minute programmes recorded by Joyce Grenfell in 1972 and 73: her observation of English eccentricity and, even more, of English banality was nearly as telling as Alan Bennett's.

So yes, of course, there were enjoy-able moments to be had in front of the box during this national hibernation. Given that there were four channels (and in some homes more) each deliverwould be astonishing and shameful if there were not something at some stage to please every taste.

What is so irksome is the olly slick of sentimentality and marketing which now coats almost everything from the Cointreau commercials to The Queen. At the best of times, well away from the turning of the year, television often suffers from a tone of smarmy bonhommie intended, presumably, to persuade us not to switch off or change channels. Nobody who has ever heard the continuity announcements on Channel 4 (which, ironically, was launched with a revolutionary "dip in, dip out" policy towards scheduling) will be in any doubt about the tone I mean.

As 1990 turned into 1991 the sensation was stronger than ever: watching Christmas television felt like sitting in a kindergarten for the mentally disabled being spoonfed jelly by doting old ladies. One of the reasons is that throughout this ghastly over-stretched holiday the news and current affairs departments, which normally help to stop television capitulating entirely to the kitsch and saccharine of showbusiness, now appear to go on holiday with everyone else, leaving only a skeleton staff on duty. You might have thought that the dramatic collapse of the Iron Curtain at Christmas 1989 would teach them a lesson, but not so, it seems: this year it was the situation in the Gulf for which you had to turn to the newspapers if you wanted detailed information.

To be fair there has been one

improvement: new year's eve is no lon-ger the embarrassing Scottish farrago which television made it for so long. In the programmes I saw this year, on three channels, there was not so much as a flash of Andy Stewart's sporran. Instead proceedings were dominated by the large figure of Luciano Pavarotti. He starred in the undemanding 1982 movie Yes, Giorgio on C4 where he bravely ran the risk of invidious comparison by standing near a hot air bal-loon; and on BBC2 appeared as one of the guests in *Die Fledermaus* which featured Joan Sutherland's farewell. On BBC1 Clive James made some

awfully funny jokes about the appearance of people such as Rod Stewart and Tina Turner, which seemed especially hilarious coming from such a paragon of masculine good looks, and read out a ing a minimum of 18 hours a day, it lot of those Private Eye picture caption

gags, at which he excels. Then at mid-night he sang Auld Lang Syne ... with Luciano Pavarotti, naturally.

So now here we are, with the first week of the new year schedules behind us, and what are the channel control-lers offering us to clean the palate and crank up the brain? Crime series is what Last night it was El CID on ITV with ex detectives Alfred Molina and John Bird on the Costa del Crime, com-bining goofy humour with dramatic moments because, presumably, that for-mula proved so successful for Moonlighting and Hill Street Blues and so many other American series. On BBC2, at exactly the same time, a

new series of Twin Peaks began: a crime series combining dramatic moments with goofy humour, and this one is American. Half an hour later on BBC1 came the first episode of Spender, a crime series combining ... well, undercover detective Spender (Jimmy Nall) tore his trousers just below waist level. Guess what detective Eddie Palmer did at the beginning of ITV's new crime series *Pulmer* on Saturday? Right, and the tear was in virtually the same spot.

Tonight on BBC1 you get Waterfront Beal, another batch of the British crime series which nobody could ever accuse of goofy humour. Then on Friday BBC1 shows Over My Dead Body, an American series which, with stunning originality college. riality, splices together drama about crime with goofy humour. As that ends Devices And Desires begins on ITV, an adaptation of another P.D.James crime story with Roy Marsden playing the

As well as Palmer, which incidentally combines goofy humour with dramatic moments, Saturdays brings the crime series Bergerac on BBC1, followed on Sunday by Poirot on ITV and Lovejoy on BBC1, a series which combines crime and goofy humour, even though the central character is a dodgy antique dealer and not a detective. This is a variation of such astounding novelty in the 1991 catalogue of television crime series, that it suggests something close to gentus in its creators.

Meanwhile - at the time of writing - we are moving ever closer to the largest war in which Britain has been involved since Korea, and probably since 1945. And where is the public debate about the rights and wrongs? We



Nicola Cowper and Roy Marsden in 'Devices and Desires'

know Saddam Hussein is a murderous bully, so perhaps it would be a just war, like the second world war. Perhaps the protection of the ruling families in Kowait is worth dying for. Perhaps Iraq has no historic claim to any of the invaded territory. Perhaps British soldiers should perish for the right of Americans to fill their cars with cheap

Perhaps Saddam is being a desperate hypocrite when he asks why the international community does not get on its high horse over Israel's territorial annexations. Perhaps the "civilised" UN allies are quite right to condemn the war mongering barbarity of Saddam and then (like the state declaring that killing is wrong and murderers will therefore be killed) to declare war. Perhaps slaughtering one another really is the most efficient and civilised way of

settling international disputes.

Perhaps. But when did you last notice television (except in the middle of the night or on some remote minority pro-gramme) using Britain's famous freedom of expression to air these matters? Are they really less important than this season's 27th detective series combining crime and goofy humour? It is time that television developed a sense of responsibility, took its courage in its hands, and started to mount such programmes in peak viewing time, even if broadcasters are afraid that the politicians with their tidy little pro-war consensus would not

Christopher Dunkley

Accidental Death of an Anarchist **COTTESLOE THEATRE**

Accidental Death of an Anarchist is essentially a one joke play, but it contains a number of variations and this production at the Cottesloe will give a great deal of pleasure to a great many people. The play also has the advantage of inviting frequent updating, so that probably no two productions can ever be the same.

The original version was written in

1970 by the Italian Dario Fo and was, one suspects, much more satirical than it is today when it frequently leans over into farce. It had a specific setting: an anarchist bomb attack on a Milan bank after which a suspect fell to his death while being interrogated by the police. while being interrogated by the police. The police methods were subsequently exposed by a mixture of the minority not least, by Fo's drawing attention to the case.

We have moved on since then. This new version by Alan Cumming and Tim Supple is strewn with references to the Guildford Four, the Birmingham Six and Lord Denning. The Italian connection has become almost incidental. Still, the joke is the same: it is that if you the joke is the same: It is that if you start to tell lies, in the end no-one will know what to believe or, conversely, anyone will believe anything. The bigger the lie the more effective it is.

Thus a madman, played by Alan Cumming himself, leads the police a merry dance in a variety of roles as he attempts to investigate their internal integrity into whet looks remarkably like inquiry into what looks remarkably like the defenestration of the anarchist. The role of the madman, known in a previous translation as the Maniac, must be

one of the most enjoyable to play — and indeed to watch — in modern comedy. It involves changing from university professor, to psychologist, to investiga-ting counsel, to ex-homb squad and finally (this is a new twist) to priest And, of course, the madman is not mad at all, or at least no more than the rest of them: he is just cleverer.

Cumming plays the part for all that it is worth. Note, in particular, his spell with a wooden leg, which must involve a considerable feat of gymnastics inside the trousers; he is also rather good when he takes to the church. Why he should play his other roles in a Scottish accent is slightly less clear: there is a slight touch of young punk about him that does not quite fit.

this, however, you are in danger of los-ing the satire. There is a young female journalist who was partly responsible for exposing the police cover up. In this production, where she is played by Emma Hewitt, it is not much of a part. She is overshadowed by the Madman, The police get a look in: there is a nice sense of hierarchy between them, but even they are frequently under the spell of Cumming. At one stage he unites

them all in singing the Internationale.

The translation is an improvement on its predecessor which contained too many un-Italian four letter words. Now we have: "You accused the prisoner of mucking about. With an 'm'?" Tim Supple directs and almost everyone will go home delighted.



Malcolm Rutherford Alan Cumming: leads the police a merry dance

INTERNATIONAL TODAY'S EVENTS

■ AMSTERDAM

Concertgeboure 20.15 Neeme Jarvi conducts the Royal Concertgebouw Orchestra in a programme of Stravinsky and Mendelssohn, with Boris Berman as soloist in Bartok's Third Plano Concerto. Repeated tomorrow and Fri (718345)

■ BERLIN

DANCE
Declared Oper 20.00 Aing um den Aing, a joint production between the Declared Oper and Belart Ballet Lausanne, with tour hours of Wagner's music choreographed by Maurice Béjart (3410 249) Komische Oper 19.00 Swan Lake. Tomorrow: Harry Kupter's production of Die Entführung aus dem Serail. Fri: La bohème (2292 555)

MUSIC Philharmonie Kammermusikssal 20.00 Simon Rattle conducts the Berlin Philharmonic Orchestra in Ravel's Ma mère l'oye and Haydn's Symphony No. 90, with Imagen Cooper soloist in Mozart's Plano

proudly lists some of its successes, from Gwyneth Jones The featured composer this and John Ogdon to Sarah Leonard and Alexander Baillie, year is Jonathan Harvey, but illness in the London Smetana and no doubt they all received

erate their progress.

Plano Trio prevented the performance of his 1971 Plano Trio and indeed of Rihm's a boost from the exposure in such a showcase. There remains no shortage of accom-Fremde Szene III; works for violin and cello (including one plished performers, but as the biographies of this year's intake make clear, careers begin earlier now, and almost Gubaydulina) by Gubaydulina) were substituted instead. Ms Candlin and the planist Tanya Isaacson gave a distinctly all of the players have begun to make an impression elsesubfusc account of Stravinsky's Duo Concertante; So, in the pair of recitals that opened the 1991 series on Ms Schrama made rather a blurred impression in Britten's Harp Suite. The new works, Monday, the London Smetana Piano Trio had already made its debut at the Wigmore Hall and two of its members had Roger Marsh's Heaven Haven and Sidika Ozdil's Aganta, Burina, Burinata, both for solo appeared in previous PLG series, the violinist Suzanna harp, and Poul Ruder's Variations for solo violin (very much a thin sliver from that Candlin had played concertos with the London Mozart Play-ers, and the harpist Godelieve Schrama is well established on fascinating creative block), were distinctly depressing. The point of the series has been the European festival circuit. lost altogether. Appearing in such formulaic

Andrew Clements

Concerto No. 27 K595. Repeated play by Arthur Schnitzler (221 8400) tomorrow, Fri and Sat (2614 383) Stratsoper unter den Linden 19.00 Le nozze di Figaro (2004 762)

Berliner Ensemble 19.00 Carl Zuckmayer's Der Hauptmann von Kopenick (2827 712)

Beutsches Theater 19.30

Niels-Peter Rudolph's new staging of The Servant of Two Masters

by Goldoni (2871 225) Schaubuhna 19.30 The Winter's Talé directed by Luc Bondy, also Fri and Sat (890023)

BONN

programmes in the Purcell

Room is hardly likely to accel-

Oper 20.00 Rigoletto, Graham Vick's production conducted by Ivan Anguelov, with Vincenzo La Scola as the Duke of Mantua

■ CHICAGO

Lyric Opera 19.30 The only performance this week of Carmen, with Tatiana Troyancs in the title role and Nell Shicoff as Don Jose, conducted by Eduardo Mata, Sat Die Zäubertiöte, an Everding production conducted by Gustav Kuhň, with cast headed by Karita Mattila, Sumi Jo, Robert Lloyd and Jerry Hadley (332 2244)

■ COLOGNE

Operahaus 19.30 Offenbach's Ritter Blaubart. Repeated Fri and Sat (221 8400) Schauspielhaus 19.30 Teatro del

Carretto from the Tuscan town of Lucca gives an Italian-language staged version of Homer's Iliad. Runs till Sat (221 8400) Schlosserel 20.00 Fraulein Else,

■ DRESDEN

Semperoper 19.00 Falstaff, Sat and Sun: Hansel und Gretel (4842 Schauspielhaus 19.00

Sommergaste, play by Maxim Gorki (4842 731)

■ FRANKFURT

Alte Oper 20.00 Soviet State Symphony Orchestra conducted by Yevgeny Svetlanov play kovich's Fifth Symphony, with Yevgeny Kissin soloist in Rachmaninov's Third Plano Concerto (1340 400)

■ HAMBURG

Staatsoper 19.00 Hansel und Gretel, also Fri (351555) Deutsches Schauspielhaus 19.30 First German production of Ayckboum's Man of the Moment, also tomorrow (248713)

■ LEIPZIG

Kellertheater 30 Martinu's opera The Marriage (7168 273)
Gewandhaus 20.00 Israel Chamber Orchestra plays all-Mozart programme with Shlomo Mintz (7132 252)

LONDON

mùsic Covent Garden 19.00 Die Fledermaus conducted by Richard Bonynge, with Malvina Major as Rosalinde, James King as Alfredo and the German alto Jochen Kowalski as Orlofsky. Last

performance Sat (240 1066) Collseum 19.30 The Love for Three Oranges conducted by Martin Andre, original production by Richard Jones, with a cast including Anne Collins, Donald Maxwell and Alan Woodrow. Also

Sat (836 3161)

DANCE Royal Festival Hall 19.30 English National Ballet production of The

Nutcracker, till Sat (928 8800) THEATRE This week's shows include Pinter's The Homecoming directed by Peter Hall, with Warren Mitchell and

Cherie Lunghi (Comedy). Also The Wind in the Willows directed by Nicholas Hytner and Ian McKellan as Richard III (National), Ingmar Bergman's Scenes from a Marriage (Wyndham's), Anouith's The Rehearsal (Garrick), Joan Collins in Private Lives (Aldwych), Miss Saigon (Drury Lane), Ayckbourn's Man of the Moment (Globe, closes Sat) and Absurd Person Singular (Whitehall). Phone Theatreline: Pleys 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MUNICH

Staatsoper 19.00 Yuri Lyubimov's new production of The Love for Three Oranges conducted by Wolfgang Sawallisch (221316) Kammerspiele 19.30 ibsen's The Lady from the Sea directed by Thomas Langhoff (23721 328)

■ NEW YORK

Avery Fisher Hall 20.00 Lynn

Harrell plays Dutilleux's Cello Concerto with New York
Philharmonic under Charles Dutoit, who also conducts Schumann's Fourth Symphony and Kodaly's Peacock Variations. Repeate

tomorrow, Fri, Sat and next Tues (874 2424) Metropolitan Opera 20.00 Rigoletto with Juan Pons in title role, also Sat. Tomorrow: James Levine conducts new production of Die Zauberflöte (362 6000) DANCE

New York State Theatre 20.00 New York City Ballet in Balanchine's La Source and Stravinsky Violin Concerto (870 5570) THEATRE
This week's shows include

Assassins, new musical by Stephe Sondhelm (Playwrights Horizons), City of Angels, musical about Hollywood in the 1940s by Larry Gebhart (Virginia), Black and Blue, an evening of classic jazz and blues with tap-dancing (Minskoff), Monster in a Box, one-man show by Spalding Gray (Lincoln Center) and Six Degrees of Separation, new play by John Guare (Lincoln Center). Ticketron (239 6200) answers inquiries and sells tickets

■ PARIS MUSIC

Théâtre des Champs-Elysées 20.30 Kenneth Montgomery conducts Orchestre National de France In all-Mozart programme. Also Fri (4720 3637)

Salle Pleyel 20.30 James Conton conducts Orchestre de Paris in Schubert's Third Symphony and Mahler's Das Klagende Lied. Also tomorrow and Sat (4563 0796)

Comedie Française 20.30 Alfred de Musset's Lorenzaccio. Tomorrow and Sat: Mollere's Le Misanthrope (4366 4360)

■ STRASBOURG

Palals des Congres 20.30 Vladimir Fedosseyev conducts Strasbourg Philharmonic Orchestra in Tchalkovsky's Fourth Symphony, with Helprich Schiff soloist in Elgar's Cello Concerto. (8837 6777)

■ VIENNA MUSIC

Staatsoper 19.00 Samson et Dalilah conducted by Georges Pretre, with Piacido Domingo and Agnes Baltsa. Tomorrow: Der fliegende Hollander with Bernd Weiki as the Dutchman and Elizabeth Connell as Senta (51444 2960) Volksoper 19.00 Wiener Blut by Johann Strauss (51444 3318) Musikverein 19.30 Vaclav Neumann conducts Vienna Philharmonic Orchestra in Spohr's First Symphony, Weber's Bassoon Concerto and Beethoven's Seventh Symphony. Repeated tomorrow and Fri (505 8190) THEATRE

Burgtheater 19.00 lbsen's An Enemy of the People. Also Sat (51444 2218) Telephone sales of tickets for Staatsoper, Volksoper and Burgtheater available worldwide for holders of credit cards by ringing Vienha 5131 513

■ WASHINGTON

Kennedy Center Concert Hall 20.30 Cello recital by Yo-Yo Ma (467

European Cable and Satellite Business TV (all times CET)

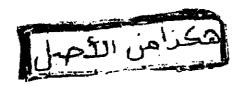
MONDAY TO FRIDAY 0600-0630 International Business report 0500-0530 Moneyline 0800-0830 Moneyline 1230-1300 CNN Market Watch

1330-1400 Business Day 2000-2039 World Business Tonight - a joint FT/CNN pro-duction with a review of the day's major business stories. 2300-2330 World Business Tonight 0100-0130 Moneyline Superchannel 0700-0830 Financial Times Business Report A five minute business brief-ing broadcast three times between 0700 and 0800

2130 (Wed only) Financial Times Business Weekly - the latest business round-up. SATURDAY CNN 0800-0830 Moneyline 0900-0930 World Business Tonight - a joint FT/CNN pro-1540-1610 Moneyweek 1900-1930 World Business

2110-2140 Your Money SUNDAY Superchannel 1800-1830 FT Business Weekly CNN

0710-0740 Moneyweek 1540-1610 Your Money 1900-1940 Moneyweek 0040-0110 Inside Business



FINANCIAL TIMES

CONTINUI war-devasta of Mogadis vented a fu of those for in the city. But repo San Front internation which land in the stri Monday, su ing had eas ment rema The rebu Congress c that a final oust Preside

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for 1 By John Ride

FOREIGN con in South Kore plified approv sharply cut tay March 1, the I says, Modification

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TAIWAN'S firs with the Soviet postponed inde Moscow cannot rency for the worth of m ordered, a Tain said yesterday, from Taipel. We were re:

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far. The underlying point about a nine out of 10 draft refusal rate is that it shows that a huge majority in the Baltics - and in other republics - now believes that Soviet power can be flouted with impunity. If, therefore, it is to reassert itself, it will

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Wednesday January 9 1991

Softer stance on hard Ecu

THE UK's proposals for a hard Ecu, advanced by Mr John Major last June, when he was still chancellor of the exchequer, were a political scheme dressed in economic garb. Their purpose was to allow serious UK involvement in the European Community's intergovernmental conference on economic and monetary union. despite the former prime min-ister's loathing of its almost universally-agreed objective, a single currency. Prime ministers may have

changed, but objectives have not. The UK still wants to par-ticipate actively in the IGC, even though, in Mr Norman Lamont's words, "we are not able to accept the imposition of a single currency and a single monetary policy". With the draft treaty provisions for the European Monetary Fund put forward yesterday, the UK has moved towards its aim, above all by accepting the notion of a politically-independent EMF.

Admittedly, the draft is a tease. It provides two alternative articles. The first states that the EMF "shall be com-pletely independent and shall neither seek nor take instruc-tions from any Community institution, national government or any other body or person". The second says that "the provisions of this treaty are without prejudice to the existing relationships between national central banks and the governments of the Member

Gap filler

By allowing for the possibil-ity of EMF independence, the UK is putting forward a more attractive proposal for "what has become known as the second stage of Emu", in Mr Lamont's words. An independent monetary institution that would not only offer a new hard EC currency but also manage the exchange rate mechanism could fill the gap between what exists today and

the ultimate monetary union.
That gap needs filling. The Commission's own draft treaty envisages establishment of the European Central Bank after January 1 1994, but grants it a far-from-impressive list of functions. If it were allowed to would be easier to justify.

The UK might even find itself gaining support from both the Commission and a number of member countries Among the latter would be those most desirous of creating any influential EC monetary body that would not labour under the disadvantage of being the Bundesbank

Strong opposition

Naturally, the Bundesbank is unlikely to see it that way. Its opposition both to the division of authority over mone-tary policy and parallel curren-cies remains as strong as ever. While it might well be mollified by signs of UK movement towards the principle of central bank independence, it is likely to remain unhappy about the rest of the proposal. Techni-cally, it has reasons for being so. A successful parallel cur-rency (itself rather unlikely, as Mrs Thatcher remarked in a moment of suicidal candour) would make monetary manage ment more difficult and quite possibly more inflationary, even under the proposed rules for the hard Ecu.

German opposition is just one of the hurdles still to be jumped. There is another, the question of stage three - what the UK government refers to as the "imposition" of a single currency and a single mone-tary policy. On this there seems still to be an impasse. The rest of the EC wishes, at some point, to make a political decision to adopt a single currency; but the UK sees that as a purely evolutionary step.

Even here a compromise can be envisaged. With some adjustment of the Commission's draft treaty, the threat of an "imposed currency" could be lifted. The UK could then find itself signing a treaty allowing the creation of, but not imposing, a European cur-rency that could then be chosen by some member states as a replacement for their national currencies.

In short, with a clear commitment to the principle of central bank independence, the UK's proposals might now time has come for the UK to stop teasing and recognise that central bank independence is

manage its own currency too, the minimum price of entry the creation of this institution into the debate on the EC's

Up to a point Mr Gorbachev

Soviet Union, because of the incoherence which surrounds all executive action. We thus cannot judge if the troops sent to the Baltic republics on Monday constitute a decisive piece of evidence that Soviet power is sliding into neo-totalitarian order – as many, including Mr Eduard Shevardnadze, the foreign minister, believe – or if it is simply lurching in an authoritarian direction to placate the military.
In evidence of the first, it is

clear that those who now have the upper hand in policy-making are anxious to slow or even reverse the pace of change; that the retention of the union is seen as the most urgent ("sacred", Mr Gorbachev has called it) task for 1991, irrespective of the 15 republics' wishes and stated desires; and that those taking the top jobs are convinced Communists, rather than Social Democrats in embryo. In evidence of the second is the fact that few in Moscow regard the Baltics as they regard themselves – as illegally occupied territories.

From Moscow, they look more like countries which were part of the Soviet empire for two centuries, save for the inter-war period; where in all some 4m ethnic Russians, Ukrainians and other non-Baltic, Soviet people have made their homes; and which lie along the strategically vital Baltic coasts. Thus widespread civil disobedi-ence - the refusal of nine out of 10 draftees to obey the call to the army - must be of con-cern, especially when coming on top of repeated verbal and physical attacks on the Soviet army stationed there. Mr Gorbachev's people will not be too embarrassed to argue to protesting western ambassadors that this is an internal matter:

Refusal rate

such draft-dodging.

But that is only the story so

and to ask them what their

states would do in the face of

apply it.

The best hope that it will not, and that this is just another unpleasant piece of gesturing, lies in the figure of Mr Gorbachev himself. Democratic institutions have not been locked into place any-where in the Soviet Union, and civil society lacks power and confidence. Progress or reac-tion depend, as they so often have before, on the personal character and predilections of the leader, and on how far he must bow to this wind or that storm. Mr Gorbachev is - this much is clear - presently bowing to a reactionary communist storm. But we in the west must hope that if and when it blows itself out, he will straighten his back and resume his pilgrim's progress up the rough and stony path called reform.

Delicate manoeuvre in truth, there is not much else we can do. The west pres-ently needs to keep the Soviet Union on side against Iraq - a delicate manoeuvre, with the architect of that consensus, Mr Shevardnadze, still apparently intending to resign from the Foreign Ministry, though some high officials in Moscow still say he will not go, at least not from the leadership. The west has sunk a great deal of faith and credit into Mr Gorbachev, he is its only candidate for president and any rocking of his boat could make matters

worse for Soviet citizens This is depressing, but that is the present day Soviet Union. There is, however, one large reservation. If it becomes clear, through the fog of inco-herent policy-making, deci-sions made and decisions can-celled, that Mr Gorbachev or anyone else plans to roll back the reform carnet and in-little the reform carpet and institute a No More Mr Nice Guy regime, the west must be prepared to recognise that the promise of a new order has to be postponed, and resume a frigidly careful stance. Mr Gor-bachev has used the agreements he has won with the west, and the aid he has got and can expect, as an impor-tant counter in his domestic political struggles. He cannot continue to count on doing so if it becomes obvious that he is

suppressing the freedoms his

reforms beloed to grow.

Three themes dominate the headlines in France these days. The first, of course, is the looming prospect of a war in the Gulf, and the growing unhappiness of the French people at the idea of taking part in it. A close second is the even more passionate linguistic battle, over the future of the circumflex accent. And third, obscurely but insistently, is The French Crisis.

Just what this crisis amounts to, is a matter of speculation; that is what makes it so interesting, and so French. The French cannot survive long without working themselves up into a drama; unfortunately, it is not always clear to the naked eye whether the drama is serious, or just dramatic.
Undoubtedly, the country he entered the new year in an atmosphere of great pessimism. Part of this gloom may be explicable in down to earth terms, such as the slow-down in economic growth, or the eruption of a number of social prob-

lems, not to mention the Gulf crisis. But the mood being projected by the media these past few months goes well beyond the tribulations of every day life or the economic cycle, and has suggested that France is entering some kind of profound crisis, whether

the end of an era or a "crise de The most common reflex in the weekly news magazines is to lay the blame on President François Mitterrand, either because he has been around too long, or because he seems to be playing perverse games on the domestic stage. Last week L'Evene-ment du Jeudi splashed its front page with the rhetorical question: "Ten 'ears - Isn't That Enough?" Some commentators go further, and suggest that there is something struc-

EC developments have precipitated a reappraisal of traditional French models and values

turally wrong with the country's political institutions; as if 30 years were quite long enough to get bored with the fifth republic, and time therefore to start thinking about the

Now it is obvious that all is not well on the political scene. The political parties are suffering from a serious loss of moral credibility, the gov-ernment is hampered by the lack of a reliable majority, as well as by the uneasy relations between the president and the prime minister, the gov-erning Socialist party is barely managing to contain a latent power struggle over the succession to President Mitterrand.

At the same time, the opposition continues to be hobbled by the splits between the respectable conservative parties, and humiliated by the apparently endless ambitions of rival party chieftains. And on the extreme right wing, France's social and political shortcomings are reflected in the worrying buoyancy of the National Front.

But it is not clear that France's current political malaise can be blamed mainly on the institutions of the fifth republic, let alone the more general sense of a national psycho-drama. On the contrary, the most interesting and most compelling cur-rent theory* is that France is entering a sort of crisis of identity, precipitated by a series of upheavals in the country's familiar political environment.

German unification has intensified long-suppressed French feelings of ambivalence, not only towards German economic power, but also over France's own record during the Second World War. The prospect of a war in the Gulf is exposing France's long-standing pretensions to an inde pendent national defence policy. And the prospect of a great leap forward in the European Community is precipitating a reappraisal of traditional

Ian Davidson asks whether the current Gallic malaise is a 'crise de régime' or merely boredom with President Mitterrand

France's national identity crisis

French models and values. In short, France may be at a rendezvous with its destiny, past, present and future,

The sense of drama emerges in a new year poll published in the Figaro newspaper. This shows a sharp increase in the numbers taking a pes-simistic view of the year just ended, from 27 per cent at the end of 1989 to 39 per cent at the end of 1990. More over, 41 per cent take a gloomy view of the year ahead, compared with only

19 per cent 12 months ago.

These poll results are matched, and may even have been influenced, by the tone of some recent cover stories in the weeklies. Here is a handful from Le Point: "Corruption"; "Crise de Régime"; "Education - the Failure of the Left"; "Violence at School"; of the Left"; "Violence at School";
"French Anxiety – What Kind of Germany will be Born?". Or how about these from the Nouvel Economiste:
"Vulnerable France"; "France's Mood Darkens"; "Drole de Crise"; "A Germany Too Big For Us".

In material terms, there is rather little yet to justify such black thoughts. The economic growth rate

thoughts. The economic growth rate had already started to slow down, even before the outbreak of the Gulf crisis, and it is likely to slow still further in the coming year. On the other hand, France is still far from a recession (unlike the UK), since the growth rate will only decline from 3 per cent in the second half of 1990 to 2 per cent in the first half of 1991, and will start to pick up again in the second half.

The slowdown does mean that unemployment, long the chief black spot on the French economy, and which was starting to fall a year ago, is now creeping up again. This rever-sal on the job front was doubtless one of the triggers both for the riots in the suburb of Vaulx-le-Velin outside Lyons last October, and for the wave of secondary-school student demonstrations in November.

In both cases the demonstrations erupted in deprived working-class areas, where the young are already the most exposed to unemployment. The headlines were captured by the rioters and looters, but the central fact about the school demos was that it was the baccalauréat students who led the strike - that is, the relative élite who had some hope of attaining an academic qualification and a ticket to a good job. If they were protesting, it was against the fear that this hope combination of under-funding and economic slowdown.

Apart from securing a sharp increase in education funding, the strike has had two unintended effects: it has revived public controversy over the traditional values of the French education system, and it has focused intense criticism on the maverick role played by President Mitterrand. For 100 years the French school sys-

tem has been aligned on the academic values of the baccalauréat. Recently that aspiration has been raised to new heights, with the target of doubling the proportion staying on at school to take the "Bac" from 40 to 80 per cent.



President Mitterrand attracted acute public criticism for the way he appeared to side with school demonstrators against his own government

Every year the numbers rise impressively, but the wisdom of the target is appeared to encourage their demands. This is by no means the first time being more and more openly quesand of intellectual feasibility.

Above all, people are beginning to ask whether a school system on such a massively increased scale can be run nationally. Since the nation's teachers have long been cast in the role of "hussars of the republic", emissaries of the values of the centralised secular state, these questions go to the heart of France's self-image.

President Mitterrand came in for acute public criticism for the way he appeared to side with the school demonstrators against his own government. He invited the strike leaders to the Elysée Palace for a fireside chat, and with scandalous insouciance

This is by no means the first time Mr Mitterrand has played the role of of his socialist past and his sympathy for ordinary people. But it is a testing part, since he also happens to preside over the government and has been responsible for its policies for the past 10 years. Moreover, cynical observers (that is, 55m Frenchmen) persist in believing that President Mitterrand's real objective is to find a suitable opportunity to get rid of Mr Michel Rocard, the prime minister, and to

replace him by one of his proteges.

Last week Mr Mitterrand made a rare gesture of public support for Mr Rocard, suggesting that he would be there for the long run, and perhaps even for as long as he wanted to stay.

In fact, this has always been the most logical consequence of the parliamen-tary arithmetic, since no other prime minister would be likely to do as well

minister would be likely to do as well minister would be likely to do as well as Michel Rocard in managing the lack of a reliable majority. But Mr Mitterrand's antipathy for Mr Rocard is long-documented, not least because the prime minister is much the strongest candidate to succeed him.

With four years to go before the next presidential election, and with Mr Mitterrand apparently in vigorous health, the jockeying between rival Socialist contenders is still (just) being contained within decent bounds. The same cannot be said for the opposition conservative parties, however, the two rival leaders. Mr the opposition conservative parties, however, the two rival leaders. Mr Jacques Chirac of the Gaullists and Mr Valery Giscard d'Estaing of the UDF, are locked in a combat that is fast becoming ridiculous, but which shows no sign of ending.

Two years ago, a group of young conservatives mounted a half hearted challenge to these ageing chiefs, but were quickly routed by the party machines. Two of the young rebels, Mr Michel Noir and Mrs Michele Barzach, finally broke loose last month,

each, finally broke loose last month, by resigning from the Gaullist party. But theirs was a solitary rebellion, and it remains to be seen whether they will recapture their seats as inde-pendents at the end of this month.

Unfortunately, France's politicians are also suffering from a general loss of reputation, as a result of revelations of widespread party corruption, magnified by a scandalous amnesty magnified by a scandalous amnesty law which they voted through this time last year. This may partly explain why some leading politicians are retreating from the national stage

to local politics.
But another part of the explanation. according to the latest theory, is that there is a sudden loss of confidence in the French actional model in the face of France's new European destiny. The old model was of a centralised nation-state; interventionist, Jacobin, and universalist. The new model, as required by the European destiny, must be decentralised, muitinational, from methet telephone and plant the model of the model o free-market, tolerant and pluralist. In short, many of the national values celebrated with such gusto at the bicentenary of the revolution two

years ago are now in question.

This may well be the deep cause of the current malaise, not to mention the buoyancy of the National Front.

For 10 years now, President Militariand has succeeded, with magisterial skill, in stifling any significant challenge to his European policy. For the lenge to his European policy. For the past five years, he has even lured the Gaullists away from their traditional hostility to the European Community
— until last month they suddenly
reverted to their old-time religion: Launching a new party policy doca

ment on Europe last month, Mr Chirac told Gaullist party leaders: "We refuse the conception of the French Socialists, as well as of the Germans and of the Italians for a Federation of the Twelve." He called for the creation of an intergovernmental union of the nations of Europe, which should aim to encompass all 500m people in the continent. The party's new European platform

castigates the supranational preten-sions of what it calls the Brussels technocracy, and rejects the idea of a single European currency. This antithe original nationalism of General de Gaulle, and represents a sharp break in the appearance of political consensus which in recent years has muffled the debate in France over the future of its European policy.
In practical terms, it is now too late

for the nationalists to react. The French are now committed to a European policy, and no other is available. But this does not mean that they can indefinitely avoid a national debate, a drama and perhaps a crisis. Entrer dans le XXIe Siècle; Essai sur

l'Aventr de l'Identité Française; Secre-tariat d'Etal au Plan, La Documentotion Française FFr120

Dark horse at Lloyds

After a long period of surprising stability, there are signs of movement near the top of the smallest, but most dynamic of the big four London clearing banks. Paul Brown's appointment to the board of Lloyds Bank has focused attention once again on the interesting question of who will replace Brian

clearing-bank chief executive. The combination of 62-year-old Sir Jeremy Morse as Lloyds' chairman, and Pitman, who is 59, has been one of the longest and most successful recent partnerships in banking. Under their tenure Lloyds has been transformed from a small clearing bank with an unhappy exposure to heavily indebted Latin American countries, into one of Britain's few successful financial service companies.

Pitman, who joined Lloyds in 1952, has long impressed the City with his commitment to maximising shareholder value, rather than the size of the bank's balance sheet. Last year he agreed to stay on beyond the normal end-1991 retirement date to carry through the reshaping of Lloyds for the 1990s. However

even he has to accept that there must be life after Pitma John Dawson, regarded by some as his obvious successor retired last year, and Michael Thompson, the deputy chief executive, is stepping down at the end of this month. So Brown, who at 48 heads Lloyds' fast growing private banking side, must now be regarded as a likely contender for Pitman's job along with 52-year-old Robert Pirrie, head of UK retail banking, and Michael Hepher, managing director of Lloyds Abbey Life,

who is 46. All three are grammar school lads, and Pirrie and Brown are Black Horse veterans of three decades standing. By contrast young

OBSERVER

Hepher is not a banker -which in any other bank might be considered an advantage these days. Nonetheless, he cannot be discounted even in Lloyds, especially if it continues to diversify from traditional UK clearing

Golden lore ■ Gold bugs seem to be able to link the performance of their precious metal with nearly anything to produce a pattern they consider meaningful. But, in view of the latest events in the Gulf, some research by South African analyst Tony Henfrey deserves a wider audience.

It appears that every 26 years gold production reaches a peak, and he expects the next peak to be in 1991. The peaks in gold production have all been within a year or so of some important dates: 1914 (world war one); 1939 (world war two) and 1965 (Vietnam

Circus joke

If you are a show business promoter and someone rings purporting to be from the Moscow State Circus, then check that they have the right number of lions and elephants. One little-noticed

consequence of the sweeping changes in eastern Europe over the past year is that there has been an outbreak of circuses travelling under this famous banner. As large parts of the eastern bloc's state apparatus are dissolved in the move to a market economy. thousands of government-employed circus folk have been thrown out of work.

The result is that batches of clowns, jugglers and lion tamers are roaming around western Europe, looking for jobs The countries which seem



"He says he's in a flurry of diplomatic activity, but I think he's with his girlfriend."

to be most affected are Germany and Switzerland. The westward march of the circus emigrés has yet to make its way into Britain. Some of the entertainers.

showing if not a willingness to conform to western trade-description legislation then at least some entrepreneurial zeal, have formed groups claiming to be the Moscow State Circus.
Only one such group exists:

it is performing in London's Battersea Park in May. I have been assured by its organisers that theirs is the real thing.

Listening out ■ There is not a lot that

Joanne Hurst, general manager of The Listener, does not know about loss-making weekly publishing. But even she admits that the chances of a last minute rescue for the BBC's 62-year old magazine are pretty slim. The final issue has been published and the staff are already looking for new jobs.

The BBC's decision to retain the use of the title for itself was the final blow. No title. no backers. "The magazine suffered from the worst sort of neglect. It was just left to rot," says Hurst who joined from the New Statesman less than a year ago.
Investment in cost-saving

new technology was often debated, but always postponed Successive relaunches and new editors could not halt the downward circulation spiral, and the recession hammered an already thin advertising base. A magazine losing film a year with a staff of under 20 was clearly living dangerously. In the end, The Listener

failed because it was a compromise. Following an misbegotten attempt to turn it into a waiting-room humour magazine, its last editor went for increased discussion of broadcasting issues at some cost to its traditional arts and ideas coverage. In the end, no-one was satisfied.

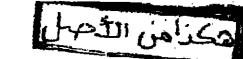
Rock sample Stephen Cribb, a consultant

geologist, has been doing research into Scotch on the rocks. As any serious Scotch whisky drinker knows, the water that goes into their favourite tipple is critical to its flavour. What they probably fail to appreciate is that the local rock strata determine the flavour of the water. Cribb found that the oldest, from a geological point of view, are pre-Cambrian-derived maits from west Islay. The water for these drains through coarse Torridonian sediments and produces smooth, goldencoloured, dry spirits. Cheers.

Farming tail Have you heard about the farmer who won £500,000 on the pools? Asked what he would do with the money, he replied:
"I'll just carry on farming until

it's all gone."

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Mr Oubridge and his fellow Green party activists moved into the Sheraton last week to maintain the momentum of a conference held in London on the environmental conseces of a Gulf war. The conference had been hugely successful in publicity terms: fears of an ecological disaster caught the imagination of the media and wrongfooted the authorities as they prepared for a Gulf conflict. British Green activists had contacted the Jordanians after King Hussein of Jordan first voiced these fears in November as part of his energetic attempts

to avoid war in the Gulf. picking up the Sheraton bill -gave a stream of interviews. In "We're mounting a campaign against the war," she said hur-

riedly into the mouthpiece. The bandwagon had started after Dr John Cox, a chemical tions would shroud the Gulf after a war. This could in turn Toukan, scientific adviser to sions of carbon dioxide, the main global warming gas.

Almost buried by the furore

Dispassionate scientific anal-

Oilfield pollution: a burning issue

David Thomas assesses claims that a Gulf war would cause an ecological catastrophe

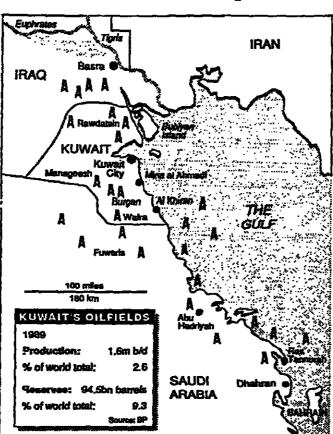
of the charged atmosphere as next Tuesday's UN deadline for Iraqi withdrawal approaches. immediately after the conference, an "independent" scientific committee was formed to pursue the ecological issues. Its founding members are Dr Toukan, a scientist who works for the Jordanian government, and two peace activists, Dr Cox, who is also vice-president of the Campaign for Nuclear Disarmament, and Dr Frank Barnaby, former director of the Stockholm International Peace Institute.

For its part, the UK government reacted with equal lack it ordered the Meteorological Office to make a hurried study of the environmental claim Simultaneously, Mr John Wakeham, energy secretary, pub-licly denounced them. Neither the Meteorological Office nor the Department of Energy will discuss the underlying issues, · How much oil would burn?

In his presentation to the London conference, Dr Cox assumed that the Iraqis would set fire to every Kuwaiti oil installation – almost 1,000 wells. However, while it is not difficult to explode mines in oil wells and set fire to the oil flowing from them, engineers familiar with Kuwait doubt whether Iraq could destroy the entire oilfield.

BP's Mr Butler spent 13 years in Kuwait, including a period as chief petroleum engineer of the Kuwait Oil Com-pany. He reckons it more sensi-ble to assume that the Iraqis might try to set fire to about 300 wells. He also disagrees with some estimates of how much oil would burn. Mr Butler dismisses as "an

improbably large figure" the estimate of 10m barrels of oil a day used by Dr Toukan to underpin his warnings of ecological disaster. Dr Toukan says oil would gush more rapidly if unimpeded by normal production processes; but his figure assumes a flow of oil over five times more rapid than Kuwait's production rate immediately before the Iraqi



Some environmentalists have argued that a series of fires in Kuwait would create a huge conflagration. This wall of flame would be difficult to put out and result in a cumulative series of environmental disas-

Mr Butler also queries this argument, pointing out that the main Kuwaiti fields, such as at Burgan, Rawdatain and Manageesh, are up to 60 miles apart. "There would not be a huge conflagration even from 800 wells burning," Mr Butler

● How long would the fires burn? Dr Toukan assumed Kuwait would burn for 12 months in his calculations. Mr Butler believes widespread fires would take nine months at most to put out, with many extinguished well before that.

burnt in the Burgan field for six weeks in 1964. That had a pure flame, much like from a Bunsen burner, producing almost no smoke, says Mr But-ler, although some environ-mentalists dispute this claim. Smoke or no smoke, Profes-sor Richard Scorer of Imperial College, London, one of the few weather scientists at the London conference, rejects as highly theoretical talk of warinduced nuclear winter or global warming. "We shouldn't really be talking about climatic disaster on that scale at all." says Prof Scorer, who argues that a war in Kuwait could cause more straightforward environmental difficulties without worrying about such

people in the world with experience of fighting a large oil fire in Kuwait – the one which

speculative problems.
A deliberate Iraqi attempt to spill oil into the Gulf, either by scuttling tankers or attacking oil installations, is one of the most worrying possibilities, since the tidal flows in the region would carry the oil down the coast of Saudi Arabia.

But the oil industry appears relatively sanguine about the threat of physically disrupting the flow of oil on to the world's markets which a war could pose. The loss of about 4m b/d of Iraqi and Kuwaiti oil exports since the crisis has not disrupted supply: to do that, one senior oil insider says, the Iragis would have to hit the Ras Tannurah oil terminal in Saudi Arabia, which accounts for about another 4m b/d.

The difficulties experienced by the Iraqis in disrupting Ira-nian oil production during the Iraq-Iran war, despite Iraqi air superiority then, casts doubt on their ability to close the Ras Tannurah terminal; some observers are less confident. however, about the huge refi-nery there (which was recently partly closed by fire). Saudi oil production near the Kuwaiti border might also have to close temporarily on the outbreak of war, possibly forcing western governments and oil compa-

nies to draw on reserve stocks. The oil industry is preparing for these eventualities; some senior oil executives believe preparations for the oil spills and the fires which would inevitably follow a war should also be stepped up. But few, if any, give credence to the more apocalyptic predictions of ecological doom.

When pressed, both Dr Cox and Dr Toukan acknowledge that more research is needed on the environmental consequences. "Perhaps we were putting forward a worst case scenario... But everything is possible. That is what is worryProposals for community charge reform

Why further development is preferable to abolition

By John Banham

reform on these lines:

money would come from the

existing revenue support grant, the product of the uniform

business rate, and the specific

grants made to local authori-

Community care should be

funded by a special "ring-fenced" grant to local author-ity social service departments.

Training credits should be introduced nationwide from

April. This would enable non-advanced further education to

be financed largely from the credits rather than by local authorities.

The community charge

would meet the costs of all ser-vices under local control

including street lighting and

cleaning, recreation and lei-

sure services, fire services,

refuse collection and disposal

as well as consumer protection

Households rather than

individuals should be the basis

on which the community

charge is levied. If some form

of "banding" is thought neces-sary, a surcharge could be

introduced for those house

holds containing individuals

and the administration cost.

ties for different services

t is difficult to find anyone at Westminster with a kind word for the community charge that was so massively endorsed by parliament less than two years ago. Yet it could be a mistake to

abandon the charge and either go back to the discredited domestic rating system or to introduce a local income tax. It might be that the original proposals were right; that it is simply the implementation that has been a mess. It certainly demonstrates how diffi-cult it is to tackle a problem more than one government department directly, particularly when the minister

responsible is repeatedly

changed. Clearly the reforms have not achieved their original desirable aims. The community charge is regarded as a tax, not as a reasonable charge for local services received. Local accountability has not been strengthened; there is no disthe level of the charge and local political decisions and managerial effectiveness. burden on individuals is too great. It was originally thought likely the charge would be no more than £150 a year; last year's average was £380. The safety net rebate

that few understand them, and the government continues to be blamed for the anomalies that arise. Collection costs are roughly twice as high as for the rates, and the level of nonpayment is far higher. Fundamental change is needed, not just tinkering. Mr Michael Heseltine, the environment secretary, should be looking for an urgent "fix" for

short-term problems and further development of a new sys-tem. This should strengthen local accountability and increase pressure for economy at a time when the mood among local authorities is less concerned with value for money than in the past. The community charge should average no more than £250 in 1992-23. At this level it

would produce almost £5bn less than might otherwise have been the case. The funding gap will have to be made good through some

combination of the exchequer paying tax above the standard funds already earmarked to rate, while those with no one paying standard-rate income fix" the problems; re-allocating existing departmental budtax could be charged a reduced gets so that expenditure now rate of, say, £4 a week. funded by local authorities is Transitional protection for "losers" under the uniform

met from the Department of Employment, social security and National Health Service business rate should be pro-vided from exchequer funds. budgets; and implementing This would ease the burden on Audit Commission recommenbusinesses whose rates should have been reduced and ensure dations to secure lower administrative costs for collection. that, for smaller business in The funding of different serparticular, protection applied vices should reflect the desired to the property rather than the accountability. National services, for which ministers are business. Business rates in Scotland and Wales should be answerable to parliament, should be funded centrally. brought into line with those in

Services under local control In the longer term, there should be funded locally via may be merit in introducing the community charge. Where local authority services are single-tier local authorities and direct elections for mayors, together with referenda for cercompeting in the marketplace the customers should pay.

These principles suggest the tain types of local expenditure.
These proposals would bring significant benefits. Accountgovernment should consider ability for local services would Grants should be made to be much clearer. Collection authorities to meet the cost of would be easier and cheaper national services such as pri-The community charge would mary and secondary education, law and order, and housing benefits. For education, the grant could be on a per pupil basis to individual schools. The

England from April

not be a general tax, but a charge for local services obviously under local control. There would be electoral pressure to contain spending, since every "marginal" pound would come from the community charge payers. The average charge per household this year would be £200 lower than in 1990. Small businesses would be put at much less of a disadvantage, while manufac-turers' expectations of a reduced burden under the USR would be realised.

hold

and nch

The government would be en to be taking action to further two initiatives that would benefit millions of tamilies: individual training credits for all aged 16 to 19, and the community care programme for the elderly and mentally handi-

And a long overdue reform would be rescued from the bureaucratic bog in Whitehall where, too often, departmental interests take precedence, and value for money is confused with economy if not cheapness. first time. Now it should get back on track - not retreat.

The author is director-general of the Confederation of British Industry and former controller of the Audit Commission

SIB man's move State has made the bed for pension funds

defended From Mr R.H.F. Croft. misleading, but also unfair to a

particular member of the staff of Securities and Investments Board (SIB). Arthur Selman's forthcom-

It has certainly not been

and Industry on the SIB's disclosure rules. Secondments of senior staff need to be carefully discussed between the two organisations concerned; they cannot be set

several vears. R.H.F. Croft,

we lie in it?

From Mr P.W. Moron.

To take an example: the basic idea of a rebate from a pay-as-you-go scheme into a funded scheme is an impossi-bility. The initial costs of the former are nil, whereas the object of the latter is consist-

from investment returns, not contributions. The state scheme has no funds, so it has no investment returns.

of the marketplace.

The government has made a monumental mistake. If its only response is to raise National Insurance contribu-

fering rules for contributions, benefits and commutations. Your expressed need for a "fundamental rethink" is an

Adair-type teams qualified to

tackle oil fires. The number of

teams using specialist tech-niques such as tackling the fire

with explosives is limited; but

most large oil companies could muster in-house fire fighting

teams which would use meth

ods such as drilling relief wells, Mr Butler argues. • Would oil fires damage the

climate system? A Guif war could create enough smoke to block out the sunlight and cut

daytime temperatures by as much as 20 deg C, according to

Dr Cox, who is drawing on the-

ories of "nuclear winter" – the prolonged darkening of the sky some scientists believe would

accompany a nuclear war. By contrast, the Jordanians

believe the vast amount of car-

bon burnt by Knwaiti oil fires

could speed up global

Mr Butler is one of the few

coupled with the Financial Services Act, which has also spawned some rules which are detrimental to pensions. Patrick W. Moran.

Moran Webb, independent fmancial advisers, 175/177 Portland Road, Hove, East Sussex BN3

From Mr Michael Elton. Sir, Richard Gourlay ("UK pension fund value falls by 11 per cent", January 2) refers to a recent survey which con-cludes that the value of UK pension funds fell by 11 per cent in 1990. Shades of 1974! This is a healthy reminder that so-called "surpluses" in pension funds provide protection against rainy days. Perhaps the time is ripe to call

them "reserves" instead.
I would not have thought that this was just a question of semantics. If the gloomier economic forecasts are not too wide of the mark, adequate "reserves" could mitigate the need for employers to top up their pension funds, thereby increasing employment costs and fuelling inflation. Michael Elton,

director general, the National Association of Pension Funds, 12-18, Grosvenor Gardens, SW1

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Mr James Cochrane Director, Europe The Wellcome Foundation

The Rt Hon William Waldegrave, MP Secretary of State for Health, UK

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WORLD PHARMACEUTICALS

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tions, or cut state provision further, it must pay the price.

From Mr Bill Day.
Sir, News that the government's attempts to induce people to leave the state earnings ple to leave the state earnings-related pension scheme (Serps) and take out personal pensions ("The pensions debacle", Janu-ary 4) is undermining the National Insurance Fund comes as no surprise. The NIF faces a serious problem and will have to take some hard decisions but this is a methem

decisions, but this is a problem entirely of its own making.

The attempt to privatise this part of state pension provision is based on an ideology that promotes individual provision at the expense of collective provision, whatever the cost. Efficiency was never a consideration.

The government must now admit that its experiment in privatising pensions has failed, and must commit itself to providing a decent state pension viding a decent state pension funded from a fair tax on all earnings. Certainly the idea of encouraging people to contract out of Serps without giving any guarantees on the level of pension received is a nonsense. No other country in Europe allows this, because all recog-nise that a minimum income in retirement is a right, not some-thing to be left to the vagarles

Bili Day, national pensions officer, GMB, 22-24 Worple Road, SW19 understatement and could be

...Why should

Sir, Your editorial is the tip of the iceberg.

emi costs from year to year. The original saving on state costs against the NI rebates was naturally negligible, and the only way to fund them was an increase in NI. This is a formy seet of rebate which if funny sort of rebate which, if perpetrated by private enterprise, would rightly attract the wrath of consumer groups.

Furthermore the greater part of funds and annuities results from investment returns, not

Recession, eventual lower interest rates and various

court cases will reveal other equally serious elements in this debacle. The last "simplification" left us with nine ways to arrange pensions, with dif-

The conventional wisdom on world trade badly needs a rethink Finally, a single standard

> Gatt's central principles: "national treatment" (treatment of foreign businesses native businesses in a host country), and most-favoured-nation (which requires countries to grant equal trade concessions to all Gatt members, no matter how restrictive some of those members' own prac-

obsolete dogma.

fellow, Washington DC

The state of the s

danian government and the British Green party.

The hotel lobby presented an odd sight as the world's press scrambled to report fears of Kuwait burning for a year and of disruption to the Guir's entire climate system. In one comer, an official of the Jordanian government — which was another, a Green party activist commandeered a phone.

engineer and environmental consultant, warned the London conference that a smoke cloud of nuclear holocaust proporthreaten more than 1bn people with starvation because it would cause the Asian mon-soons to fail, Dr Cox argued. Not to be outdone, Dr Abdullah King Hussein, predicted a one-off 15 per cent increase in emis-

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were caveats entered by other conference participants. In the days after the conference, Mr Basil Butler, the managing director at British Petroleon in charge of environment and safety, dismissed the more lurid claims as "disagreeable" and "a blackmail operation". Mr Butler said "they were sug-gesting that it would be such a great ecological disaster that the world cannot afford to have a war, which is patent

ysis has been an early casualty • How hig would a fire be? fears about the lack of Red

to Halifax

Sir, The article by Eric Short ("Rules Review", December 22) draws an incorrect inference from two recent, but unconnected, events.

As a result it is not only

ing secondment from SIB to the Halifax Building Society has been planned for some

arranged in response to the recent statement made by the Secretary of State for Trade

up hastily, to take account of mp hashly, in large account to particular external events.

Moreover, the policy that the Securities and Investments Board has adopted on disclosure does not reflect the views of any one individual but has evolved as a result of many discussions and decisions over

chief operating officer, SIB, Gaurelle House, 2-14 Bunhill Row, EC1

From Mr Robert W. Jerome. Sir, Your prudently optimis-tic, seemingly thoughtful editorial ("A new start for trade", January 2) restates concisely the conventional wisdom on world trade - that the current Gatt round must succeed or the free trade system will crumble. However, it ignores underlying problems with both

the Uruguay Round and the international trading system.

Although getting the European Community to "undertake genuine reform of its common agricultural policy" is the key to jump starting the round, it is not the key to its successful conclusion. A truly successful conclusion — not just a cos-metic agreement — will be achieved only if real benefits accrue to Gatt's contracting parties. Glossing over real problems to "maintain the system" will result in greater scepticism and the ultimate

failure of the Gatt. A greater willingness to make conces-sions — not only by the EC and the US but by newly industrialised and other developing countries as well – is the sine qua non of a healthy multilateral process. That the agricul-ture discussions collapsed because the Koreans, followed immediately by the Japanese, objected, was a telling signal. Three-quarters of Gatt's 99 members are exempt from most Gatt disciplines for "development" or balance-of-payments reasons. Many others reasons outside the contributions

ers do not make contributions to the system commensurate with their economic power. Moreover, a Gatt agreement in and of itself cannot be a panacea for US or EC trade problems — simply because many of the obstacles to freer trade (such as foreign targeting of US industries) were never on the agenda. The premises

and principles on which the Gatt system is based no longer fit global economic realities. For multilateral trade liberalisation to have any future, Gatt members must begin to con-struct a new framework for commitment to begin this effort promptly, and negotiations should concentrate on

three sets of issues. First, the goal of freeing international commerce must be reconciled with legitimate national regulatory practices. The world trading system can no longer assume that trade liberalisation is always more important than environmental protection, occupational safety, and other legitimate national regulatory objectives.

Second, a system that ignores predatory practices —

such as targeting of industries

and officially sanctioned anti-

competitive behaviour - can-

not retain broad support.

Gatt treatment - should be developed to replace two of tices remain).

The multilateral system you so fulsomely praise is in fact shot through with so many exceptions as to be almost meaningless. The issues need a searching re-examination, not ritualistic mouthings of an

Robert W. Jerome, Economic Strategy Institute, 1100 Connecticut Avenue, Mr Vladislav I Deigin Deputy Minister

A FINANCIAL TIMES INTERNATIONAL CONFERENCE

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FINANCIAL TIMES

Wednesday January 9 1991





ANC deputy president Nelson Mandela (left) and president Oliver Tambo yesterday

ANC calls for all-party talks to draft basis of constitution

By Philip Gawith in Johannesburg

THE African National Congress (ANC) yesterday nar-rowed differences between itself and the Pretoria govern-ment by calling for an all-party conference which would draft the broad principles of a new

In a statement marking the ANC's 79th anniversary, the national executive appeared to distance itself from its previous insistence that a new con-stitution should be drafted by a constituent assembly elected on a simple one-person one-vote, non-racial basis.

The government has consistently rejected this demand on the ground that it would effec-

Electronic

messages

cheques

By David Lascelies,

Banking Editor, in London

CHEQUE payments could become a thing of the past for companies in Britain by next

The five largest UK clearing

banks announced yesterday that they have agreed on a

pilot scheme that would elimi-

nate paper for corporate cus-

tomers and replace it with elec-

The scheme, known as inter-bank electronic data inter-

change (EDI), will enable com-

panies to make payments by sending messages directly from

their computers to their banks.

The banks will then transfer the funds and notify the recipi-

Banks' use of EDI evolved

last year when Barclays, the

largest clearer, set up a system for its own customers. It was followed shortly afterwards by

NatWest. Under yesterday's

agreement Midland Bank, Lloyds Bank and the Royal

Bank of Scotland will join the

other two, and all five will link

The banks said the benefits

Mr lan Lynch, an EDI man-

ager at Barclays, said the pro-posed system would be one of

the most advanced in the

world and could form the basis for a Europe-wide interbank

data exchange in the EC single

market. The system will use Edifact, a computer language

adopted by the European Com

The five founding banks account for more than 80 per cent of the UK corporate banking market. Initially EDI will

be used mainly to settle regu-lar trade debts where the need

for payment is known several

days in advance.

A more streamlined system

capable of same-day settlement would be developed if the

The cost for customers will

be based on the use they make

of the system. Barclays charges £1,350 (\$2,605) a year for access to the service, plus a per-item charge based on vol-

The pilot scheme will start

in the third quarter of this year and will last for up to a

it will then be offered as a full

commercial service some time

WORLDWIDE WEATHER

year. Assuming it is succes

their systems.

ual systems.

ent, again electronically.

to replace

tively concede black majority rule even before negotiations The government's position is that the drafting of a new con-

stitution should be a multi-party affair. The ANC now appears to be broadly in line with this approach. Mr Nelson Mandela, deputy president of the ANC, said yesterday: "It would be a mistake for the ANC or the government to think they are the only parties in the negotia-

ting process."

Mr Gerrit Vilioen, minister for constitutional development, and the government's chief political negotiator, gave a pos-

By Michael Holman, Africa Editor

LEADING British charities yesterday launched a joint

appeal for ald to Africa with a

warning that millions are fac-ing death through starvation

"The spectre of famine once more haunts many regions of Africa," said the charities at

The horrors of 1984-5.

when up to 1m people died in

Ethiopia, "could once more fill

the world's television screens."

unless there was an interna-

tional effort to provide food,

transport and medicine, the charities said in a statement

issued by the Disasters Emer-

gency Committee.
The committee, which meets

in response to major disasters,

is co-ordinating the fund rais-

ing drive by ActionAid, the British Red Cross, the Catholic

Fund for Overseas Develop-ment, Help the Aged, Oxfam, and Save the Children Fund.

The worst hit countries are

Ethiopia itself, Sudan, Liberia.

Angola and Mozambique,

unless the world intervenes.

appeal for help.

itive response to the ANC's statement: "I welcome the ANC's point of view in favour of a multi-party conference in preparation for the constitu-

tional negotiation process."

The ANC's statement said the all-party congress would have three tasks. Firstly, to set out the broad principles within which the detailed constitutional work could be carried out. The second would be to determine the make up of the body that would draw up the constitution. Finally, the congress would establish an intering graphypart to oversee. interim government to oversee the transition process until a new government was in place.

Other countries are in serious difficulties, including

Niger, Chad, Mauritania and Mali in the Sahel belt, and

Some charity officials now fear that Africa's crisis is

endemic. The continent will

need emergency aid "every year for the forseeable future,"

said one official yesterday. The

sharp rise in world oil prices is increasing the severe strain on

most African economies. Many

aid workers believe that the

combination of drought, exac-

erbated in some cases by civil

war, and rising fuel costs, make the current crisis more

grave than the famine of 1984.

combination of "donor fatigue"

induced by what seems an

unending crisis in Africa,

together with anxieties about

the Gulf, eastern Europe and

the Soviet Union, will limit

response to a largely unre-ported, unfolding catastrophe.

Speakers at yesterday's press conference stressed that "hun-

on the continent.

Aid workers also fear that a

Uganda and Rwanda.

EC unable to bar Hondas made in US, says UK minister

HONDA CARS built in the US will have to be admitted freely to European Community mar-kets because their place of ori-gin puts them outside existing quotas on Japanese cars, Mr Peter Lilley, Britain's trade and industry secretary, said in

London yesterday.

It would be illegal for the European Community to restrict imports of the Ohio-made Hondas which the company is due to start selling in Europe this spring, he said ahead of a visit to Japan next

Free access for US-made Hondas would further undermine French and other objections to Britain's claim that there should be no European restrictions on UK-made Nissans, and would weaken efforts to limit Japanese access to the single market for European cars after 1992, industry executives say.

Some Japanese brand prod-ucts assembled in the US, such as photocopiers and printed circuit boards, have been subject to lengthy arguments about whether they are of Japanese or American origin for quote or duty purposes. In the case of Honda cars there was no doubt, Mr Lilley said. International rules defining

origin as the place of "last sub stantial transformation" would apply, making the cars incontrovertibly American. There would be no legal possibility for the Community to restrict

This would reinforce the strength of Britain's already "impregnable" position on UK-

Famine

Angola

be averted.

Ethiopia

made Nissans, he added. Member states have not yet agreed how to treat these "transplant" cars under the new Community-wide quota on Japanese car sales to Europe, due to come into force after 1992. However, Mr Lilley said he would again assure his Japanese counterparts of Britain's determination to ensure they have free access to all Commu-

nity markets. He would also use his visit to urge Japan to lift restrictions on imports of leather goods and shoes and to ensure that British companies were able to participate fully in the liberal-isation of its insurance and

He would also call on Japan not to discriminate against Europe and in favour of the US when making government and, particularly, defence purchases abroad. He hoped it would also work for an early resumption of the stalled Uruguay Round trade talks whose future was still "very much in the bal-

British exporters are becoming more positive towards Japan. They sold £2.23bn (\$4.3bn) worth of goods and services there in the first 10 months of last year, which meant the target of doubling exports to Japan in the three years to 1990 would largely be

A survey conducted for the Department of Trade and industry shows 30 per cent of exporters now regard Japan as a priority market, nearly twice

UK charities call for famine aid in Africa Ethiopia. This included the hugely successful Band Aid appeal led by Bob Geldof, the Irish pop singer. No pop star has come for-

ward this time. Cease-fire or safe-passage agreements now in place or under negotiation in Ethiopia, Sudan, Angola, Liberia and Mozambique - all gripped by civil war - will be critical to the success of this years'

Aid workers yesterday warmly welcomed the news that a United Nations ship carrying 10,000 tonnes of wheat for northern Ethiopia had arrived in the rebel-held Red

Sea port of Masawa. Masawa has been closed since it was seized by rebels of the Eritrean People's Libera-tion Front (EPLF) last February. Use of the port is crucial to efforts to save the lives of around 4m people hit by drought. The EPLF and the government of President Menristu Halle Mariam agreed last December to its use for famine

Pan Am hits an air pocket Pan Am had been slithering US Airlines S&P Index relative to the

THE LEX COLUMN

towards the indignity of Chap-ter 11 for so many years that its final lurch yesterday felt distinctly anticlimactic. Even before the Gulf crisis drove up the price of aircraft fuel, Pan Am was one of the basket cases of world aviation, with a negative net worth of \$630m at the end of 1989 and net losses running at \$100m a quarter. Nor is Pan Am the first US carrier to file for federal bank-ruptcy protection. Braniff and Continental have each done the trick not once but twice in the last decade. Given the debtladen state of the industry's balance sheet, more Chapter 11 filings can be expected before long. And the future of Mr Carl Icahn's TWA is itself uncertain now that his plans for a merger with Pan Am seem dead and buried.

The appropriate question is whether Pan Am's bankruptcy will help the US airline industry along the road to the rationalisation it badly needs. Perhaps the best solution for all concerned would be for Pan Am's filing for Chapter 11 to serve merely as a prelude to its absorption by UAL, owner of United Airlines. United has already agreed to buy Pan Am's London routes, and UAL's apparent readiness yesterday to help stump up \$150m to Pan Am to keep its airliners flying is an encouraging sign. The snag could be the sheet size and intractable nature of some of Pan Am's debts, such as the \$490m of money required to fund its own pen-

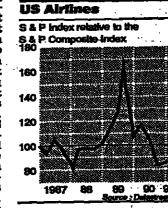
There is also the wider ques-tion of the impact on public opinion of this kind of finan-cial débacle. First Bank of New England, now Pan Am: two corporate collapses in a week.
Wall Street professionals will
have been astonished by neither. But in middle America the spectacle of a flagship company like Pan Am hitting the rocks is bound to deepen the prevailing gloom about the economy, making it still harder for the Fed to revive

UK economy

husiness confidence.

The burden of debt within the UK economy is shifting in a slightly disturbing way. The latest batch of official data on last year's third quarter - the first quarter of recession shows the personal sector back in healthy financial surplus and the savings ratio climbing steadily. The corporate sector's financial deficit, meanwhile, goes from bad to worse.

The rise in the savings ratio is natural enough. Though sta-



tistically unreliable, the mea-sure has a natural inverse correlation with the economic cycle. The switch from borrowing to saving comes with the drop in consumer confidence caused by inflation, high interest rates and unemployment. In the last two recessions the ratio went over 17 per cent. By 1988 it was down to 45 per cent. It is now 8.8 per cent, which suggests there may be some way to go.

The contrast with the corpo-

rate sector is unsettling. Despite destocking and a reduced rate of increase in capital spending, the corporate financial deficit in the third mancial denote in the third quarter was still 5 per cent higher than the year before. As for profitability, the residue of companies' undistributed income has fallen to its lowest-time 1000 per only in real but since 1982, not only in real but in nominal terms. In that year, dividend cover was 5.5 times. It is now 1.7 times. While this points once more to dividend cuts, that will not address the deficit. Sooner or later the axe must be taken to capital spending, which is when the reces-

sion gets really nasty.
The imbalance in the economy could prove awkward in other ways. Suppose the ungeared consumer regains confidence later this year through falling inflation and rising real wages. Suppose, too, the debt-laden corporate sector cannot respond by increasing output. So much the worse for the balance of payments. So much the worse, too, for interest rate cuts. The more one sees of this particular recession, the less one likes it.

Sanofi/Sterling

In the nearly two years since SmithKline and Beecham set the trend towards merger in the world drug industry, the fashion has proved remarkably persistent. Now comes a deal

hetween Eastmen Rodal and Elf, who are working on an interest their drug subsiditing together their drug subsiditines, Sterling and Sanoti. As often with such deals, the operational logic sounds appealing besides the obvious advantages, of scale in research. Sanoti would gain much better access to the US market and Sterling to Europe and Japan. The range always, is one of culture whether merger will promote as always is one of culture whether merger will promote the one quality an efficial drug company ultimately lives of dies by the capacity to invent new products.

If not, there could be blest times ahead. The trend to merger is not just a matter of defensive institution therein.

defensive imitation, though it is partly that. In the US in purticular, the onset of recision is leading to increased present on drug pricing as part of the attempt to control health costs. Although not cyclical in the conventional sense, the drug industry has a cycle of its own. The risk is that it will his tough times as the rest of industry is recovering a fer years from now. This would not be a good time for misconceived mergers to start coming

Telfos : `

Down in the engine room of British manufacturing, the takeover machine is sputtering back into life. In the West Midlands, IMI has swallowed up Birmingham Mint in York shire, William Cook is now hoping to do the same to Telfos, for the sake of its railway and mining equipment busi-ness. This latter bid, though small at 140m, raises some questions about whether the time is right yet for corporate

William Cook's success in

making itself the uncrowned king of the British steel casting business looks impressive, as witnessed by five years of strong dividend growth. It seems to have enjoyed some solid support in the past from major institutions, led by M&G. and the Pru, which have 18 per them. But it also has £17.5m of debt, and will be incurring at least £11.9m more if it gets Tel-fos with yesterday's offer. That would raise gearing to at least 70 per cent post-acquisition, even assuming that there are no more write offs to be made from Telfos's rag-bag of Ill-ad-vised investments outside engineering. Telfos's recent record poor and perhaps it deserve to be taken over but with a possibly protracted recession lying ahead for the UK one hopes William Cook knows what it is doing.

around £100m was raised in Britain in 1985, mainly to assist affecting some 15m people. dreds of millions" of pounds Le Monde journalists vote for outsider

JOURNALISTS of Le Monde. France's leading national daily newspaper, yesterday voted to accept an outsider as director for the first time in the paper's of EDI included reduced paperwork and administrative costs, elimination of postal delays and a reduction of the errors inherent in man-

They gave their blessing to the candidature of Mr Jacques Lesourne, a 62-year-old economics professor, writer and former head of a consultancy business, as successor to the present director, Mr André Fontaine, who wants to retire to write a book. Mr Lesourne won 50.3 per cent of the journalists' votes in a first round of voting, short of the 60 per cent minimum required, but clinched it in the second round with 67.6 per

Until yesterday, journalists, who own 32.3 per cent of the newspaper's shares, always chose a director from among their own ranks. Mr Lesourne must now be accepted by at least 75 per cent of the entire group's shareholders at an weeks. This is expected to be a

were needed if disaster was to

£5m (\$9.5m) for aid to Ethiopia

and Sudan. When announcing

the package Mrs Lynda Chalker, UK minister for over-

seas development, promised

"more help as the relief requirements become clearer".

Aid workers estimated that

Last month Britain provided

formality.

Le Monde was plunged into a leadership crisis last month, when its non-journalist shareholders refused to accept the nomination of Mr Daniel Vernet, the managing editor. He is the formal deputy of Mr Fontaine, who last year proposed Mr Vernet for acceptance by the journalists.

However, the other shareholders argued that Le Monde should break with tradition steer it through the current economic difficulties. They accordingly proposed Mr Lesourne, an alternative candidate selected on their behalf by Mr Fontaine, Le Monde is expecting to make a small loss on sales of FFr1.2bn (\$230m) for 1990, likely to turn into a serious loss this year unless significant cost reductions, including 200 job losses, can be found. Mr Lesourne has chosen as his editorial chief Mr Bruno Frappat, an existing senior edi-

to be held in the next few and appoint a businessman to Lithuania premier resigns

Continued from Page 1 ing the action was provocative and counterproductive and urging Moscow to "cease attempts at intimidation".

Mr Marlin Fitzwater, the presidential spokesman, said the US was "monitoring closely" similar moves by the central authorities regarding Moldavia, the Ukraine, Georgia

and Armenia. Amid growing US concern over the turmoil in the Soviet Union, the White House said on Monday that next month's US-Soviet summit in Moscow might be delayed, citing in par-ticular the Gulf crisis and arms control disagreements.

The Soviet Defence Ministry yesterday gave Lithuania until Friday to persuade its young men to join the Soviet army, and set a Sunday deadline for Latvia and Estonia to do the same. But many Balts expressed fears that a forced conscription roundup would be used as a pretext for a military

Mr Edgar Savisaar, the prime minister of Estonia, said: The real aim is to suppress the independence movements of Baltic republics." He added that it would be impossible to meet the deadline and predicted spontaneous outbreaks of civil disobedience if Moscow overthrew the democratically elected governments. But he also warned that Baltic plans for independence were already doomed if the west continued to do nothing to help.

Baker allays fears of split

today's talks between Mr Baker and Mr Aziz fail. Mr Izzat Ibrahim, vice chair-man of Iraq's Revolutionary Command Council, yesterday became the most senior official to visit Iran in the past decade.

Mr Ibrahim, the results of whose visit will be closely watched in the west, called for progress in restoring friendly Iran has so far taken a neutral stance in the crisis, con-

demning both the Iraqi inva-sion of Kuwait and the presence of foreign forces in the Gulf. Iraq's press continued to beat the drums of war on the eve of today's Geneva meeting.

The mother of all battles, to

be fought by the holy fighters of the Arab nation, will be a major battle for the liberation of all third world peoples and the weakened ones on earth," the ruling Baath party newspaper Al-Thawra, said in an edi-torial.

In Washington, President George Bush urged the allied alliance opposing Iraq to resist any pressure for compromise with Mr Saddam Husseln and said president of Iraq now had only a one-week deadline remaining "to choose peace over war.

"January 15 is not a date certain for the onset of armed conflict; it is a deadline for Saddam Hussein to choose - to choose peace over war," Mr

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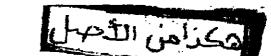
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FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1991

Wednesday January 9 1991

INSIDE

NatWest warns of loss at US arm



National Westminster Bank is forecasting a loss for 1990 at its US subsidiary, NatWest Bancorp, because of troubles in the local banking market. NatWest Bancorp made a \$305m provision in the first nine months of last year,

and would be making further provisions in its tourth-quarter results to be published shortly, said John Tugwell, NatWest's chief executive of international banking. The UK bank is to inject fresh funds into NatWest USA, the New York arm of NatWest BanCorp where most of the problems are concentrated. Page 23

Investment test for Peru

Fernando Sanchez Albavera, the Peruvian minister for mines and energy, is calling 1991 the "year of Caralsea". The development of this yest gas and condensates field in the country's south east jungle has become the biggest test for Peru's new policy of encouraging foreign and demestic investment. Sally Bowen reports.

Banks rush to help maverick



Despite a reputation of being a corporate mav-erick, EIE International, the Japanese property developer, has become a clear case study of Japanese banking willingness to aid troubled clients. Suit on the back of an electronics import company acquired in 1977 by Harunori Takahashi (left), ElE accumulated an impressive list of hotels in the Pacific and expensive parcels of land in the US and Britain. EIE's bankers, who admit that they were too ready to lend for projects that were

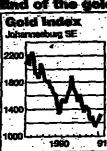
Rating a recession

Corporate credit ratings, long viewed as a prerequisite for raising money in the capital markets, have come under the watchful eye of the Securities and Exchange Commission. New proposals from the SEC will limit the investments of US money market funds in corporate paper according to the ratings given by the leading agencies. The funds will no longer be able to invest more than 5 per cent of their assets in paper with less than a top-grade rating. However, some companies fear that such strictions concentrate too much power in the hands of the ratings agencies. Simon London reports. Page 22

outside its core business, are now actively

involved in returning the property group to health. Page 18

nd of the golden days The demise of gold as a



traditional safe haven and store of value for investors took most of the gloss off the Johannesburg stock market last year. The overall per cent on the year, due mainly to the weak performance of gold hares, where the subindex tell by nearly 40 per cent; industrials rose 8.3 per cent with con-

sumer-based stocks doing particularly well. Philip Gawith examines the market's recent performance. Page 36

Stratagem bids for Touchstone

UK investment group Strategem yesterday launched a hostile all-share offer for Touchstone, the computer services company for-merly known as MBS. The bid valued Touchstone at about £5.6m (\$10.7m). Stratagem said it had purchased 7.4 per cent of Touchstone's ordinary shares in yesterday's trading. Holders of 23.6 per cent of the shares had indicated their acceptance "in the absence of unfo-reseen circumstances". Page 23

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Chief price changes yesterday

Deutsche Benk 578 – 2 Siemens 5672 – 28 Welz Per 563 – 21 MERY YORK (2) UAP Peulla Peuglat Total TOKYO (Yess) 1540 590 2700 By William Dawkins in Paris and Clive Cookson in London

STERLING DRUG, Eastman Kodak's pharmaceuticals subsidiary, and Sanofi, the French drug company, are today expected to announce an ambitious interna-tional alliance, according to company officials.

The two companies recently confirmed that they opened negotiations several months ago. According to a statement yesterday from Kodak, the aim is to produce "a strategic alliance designed to increase the critical mass available to both [compa-nies], particularly in the areas of

P an Am's dramatic decision yesterday to file for protec-tion from its creditors has

put enormous pressure on the British government to approve Pan Am's \$290m sale of its Lon-

Pan Am's \$290m sale of its Lon-don Heathrow landing and take-off rights to United Airlines.

US officials said yesterday that since Pan Am had filed for Chap-

ter 11 under the US bankruptcy

code, its future now hinged to a great extent on the controversial Heathrow issue.

It was no coincidence that the

US Department of Transport

should have given its tentative approval to the Pan Am-United deal on the same day of the trou-bled US carrier's filing for Chap-

The US government has been

pressing the British authorities

in recent weeks to revise the bilateral air service agreement

between the two countries. This would enable Pan Am, and for that matter TWA, to transfer their valuable Heathrow slots to

United and American Airlines

respectively.

But the British government

has stressed that it would not be

rushed into a decision which will

involve a significant review of

UK aviation policy and the air traffic distribution rules for Lon-

don's two main airports, Heath-

row and Gatwick.

Mr Malcolm Rifkind, the UK transport secretary, has indicated

that any decision would have to wait for completion of a wide-ranging review of London air

traffic distribution rules by the

Civil Aviation Authority. Under these rules, as well as under the

bilateral agreement between the

two countries, Pan Am cannot

British negotiators are next week expected to come under

even greater pressure to reach a

quick decision during talks on this issue in Washington.

that Pan Am had secured a

\$150m loan agreement with Bank-

The announcement yesterday

automatically transfer its Heath-

row rights to United.

marketing and research and development".

Each company sells a little over \$2bn worth of drugs per year making it a medium-sized player in the global pharmaceuticals business, compared to groups such as Merck, Glaxo and Bristol-Myers Squibb with sales of more than \$5bn. Analysts say developing a new drug is now so costly - about \$300m on average - that an international group

requires revenues of at least \$3bn a year to keep up a reasonable flow of new products.

Kodak and Sanofi say the deal will fall short of a full merger. However, officials do not exclude a wide-ranging exchange of

sidiaries. Sanofi.

The only area firmly to be

on the need to keep full independence.

The deal would not require a significant cash transfer and the parent companies would retain their identities, said Kodak.

Sanofi. 62 per cent owned by Elf Aquitaine, the French statecontrolled oil group, confirmed the discussions were going well. At present, Sanofi sells in the US only through licensees. "San-off's lack of presence in the US is an obvious weakness," said Mr Andrew Tivenan, European pharmaceuticals analyst at James

Capel in London. "A deal with Sterling would be a good solution for Sanofi in the 1990s."

<u>and the second and the second of the second</u>

Kodak bought Sterling Drug for \$5.1bn in 1988. Analysts say that its financial performance since the acquisition has been disappointing and that it needs an alliance with a European or Japanese pharmaceutical com-pany, both to gain access to mar-kets outside North America and to obtain new drugs to sell in the US through Sterling's strong

United has made it clear that it

would not complete the deal if it did not secure the rights to fly to Heathrow and was forced to go

into Gatwick or Stansted instead.

Pan Am also appeared at one

stage to entertain advances from TransWorld Airlines, another heavily-indebted airline. But the

motives of Mr Carl Icahn, the TWA chairman, have never been

clear, and Pan Am was insistant that it needed temporary financ-ing as part of the deal. Negotia-tions proved difficult over the

WPP near to deal on £315m debt plan

By Alice Rawsthorn in London

WPP GROUP, the troubled international marketing services company led by Mr Martin Sorrell, is close to agreeing prelimi-nary proposals with its banks over the restructuring of its

2315m (\$598m) debt.

The restructuring is likely to include reducing WPP's minimum covenanted interest cover—the ratio of debt interest to operating earnings agreed with its bankers – for 1991 and 1992. It is also reviewing other covenants, including debt and finan-cial service ratios.

WPP may also extend its \$200m working capital facility to around \$220m.

The banks are expected to increase WPP's annual average interest rate of 10.6 per cent by

The negotiations between WPP, advised by Samuel Montagu, and its 30 banks, led by J.P. Morgan, began in November.

The two sides have agreed a broad former-work for negotial. broad framework for negotia-tions but cannot finalise propos-als until WPP's 1991 budgets are

Christmas period and an alterna-The budgets should be comtive solution has been found with pleted within two weeks. The banks hope to produce proposals by mid-February. It the loan from Bankers Trust. Both Pan Am and United seem to be entertaining hopes that the UK might approve the deal by the end of this month. But by could then take at least another month to complete the deal. WPP, which is suffering from

the slowdown in the interna-tional advertising industry, needs to restructure its debt to avert the risk of breaching its interest cover covenants later The company recently issued a profits warning for 1990 and

investment analysts now expect it to report pre-tax profits of around £90m compared with earlier projections of £115m. The restructuring could include reducing its minimum interest cover from 2.8 to around

2.4 times this year and from 3.2 to around 2.8 times in 1992. It might also adjust other covenants including negative pledges and the ratio between trade creditors and debt.

WPP may need to extend its \$200m working capital facility. It has already drawn on \$150m of the facility.
One option would be to consolidate some minor debt, chiefly short-term overdrafts of operat-

Kodak and Sanofi plan drug link

shares between a series of sub-

One possibility is that a European company would be owned 51 per cent by Sanofi and 49 per cent by Kodak, and an American subsidiary would be owned 51 per cent by Kodak and 49 per cent by

excluded from the link-up is basic research, where both sides agree

Pan Am forced to land in Chapter 11

Nikki Tait and Paul Betts look at the latest move in the airline's struggle for survival hung over the airline for months even years. The airline was once viewed as a flagship for the US industry abroad; indeed, it became America's first interna-tional airline in the 1920s and carried about one-fifth of the international traffic throughout

But the 1980s were a different story. The company took over National Airlines in 1979 to boost its domestic network and promptly ran into labour problems. The unrest came at a time when deregulation was bringing new capacity into the industry and competition was rife. Over the past decade, the airline is estimated to have made after tax losses of almost \$3bn - before asset sale proceeds.

Asset sales have become increasingly necessary, particularly to see the carrier through the depressed winter periods. The Pan Am skyscraper, which dominates Manhattan's Park Avenue, was sold as long ago as 1985. The process culminated last autumn with the sale to United of its valued transatlantic routes to Heathrow. But several factors dramatic-

ally worsened the situation for Pan Am during the past 12 months. A senior Pan Am official said yesterday that the airline had suffered a \$250m loss due to the bombing of Pan Am Flight 103 over Lockerbie; soaring fuel prices had increased the airline's fuel bill by \$150m since last summer; prospects of a recovery in airline passenger traffic were now in serious doubt because of the US recession; and the Middle East had exacerbated the situation. Pan Am last week suspended flights to Tel Aviv and Riyadh because of the huge increase in war-risk insurance coverage in the Middle East.

Some estimates have sugge that the company was losing money at a rate of \$2m a day. So the need for a solution became urgent, and the United deal appeared to promise a balm. But

filing for protection from its creditors under Chapter 11 of the Bankruptcy Code, Pan Am also Standard & Poor's, the rating agency, calculated yesterday that the filing would protect the airline from debt principal obligations and most of its \$160m

annual interest bill.

Meanwhile, the airline says that flights should not be disrupted. "Financial restructuring will have no impact on the flying public," claimed Mr Thomas Plas-kett, Pan Am's chairman. There is no doubt that Pan Am

is hoping to repeat the relatively good experience of Continental Airlines, another heavily-indebted airline which went into Chapter 11 late last year. Continental has experienced relatively little loss of custom. Indeed, given the straits in which the airline industry finds itself, US fliers may be becoming all too familiar with this situation. Three airlines are already in

warnings which have surrounded the industry are proving to have been deadly accurate.

Chapter 11 – Eastern is the third WPP is now cutting central – and although it is not short of and operational costs. However,

cash, TWA's finances are any-thing but healthy. In short, it seems that all the Cassandra-like reports that WPP was considering selling minority stakes in J. Walter Thompson and Ogilvy & Mather, its advertising agencies.

French water group to sell assets for up to FFr4bn

By William Dawkins in Paris

LYONNAISE des Eaux-Dumez, the French water distribution and construction group, yester-day announced a FFr3bn (\$576m) to FFr4bn programme of asset sales and the acquisition of a small water distributor in

Mr Jerome Monod, group chair-man, said the sales of non-strate-gic assets would be completed during the next 18 months. They were taking place because the group wanted to fund acquisi-tions and investments internally, rather than turning to bank bor-rowings as before. The group has FFr14.7bn of long-term debts. against FFr20.1bn of shareholders' funds.

Lyonnaise des Eaux-Dumez announced disposals worth about FFribn yesterday, including an agreement to sell its central Paris headquarters to an Asian investment institution for about FFr500m, of which FFr350m will be capital gain. The group is moving to a building in the Paris

urgency of these talks for US

interests. This loan, together with the \$30m cash which Pan

Am has on hand, will enable the

airline to meet liquidity require-ments until United pays the expected \$290m for the Heathrow

routes later this month. United has already paid \$110m to Pan

The group also raised FFr300m from the sale last November of its shares in Wessex and Severn Trent water authorities. But Lyonnaise des Eaux-Dumez will said Mr Monod. Lyonnaise des Eaux-Dumez also announced the

based in Lyon.

Merlin had a FFrl.3bn turnover last year and 4.7 per cent of the French market, which lifts Lyonnaise des Eaux-Dumez's share to 23 per cent.

family owned water distributor

Without the United deal, Pan

Am's restructuring efforts and its ability to continue operating nor-

mally under the protection of the

bankruptcy code could risk total

Pan Am finally disperse the cloud of uncertainty which has

Yesterday's developments at

Générale des Eaux, with 35.4 per Also, a consortium including

DIC-Degrémont, a subsidiary of Lyonnaise des Eaux-Dumez, has won a contract to build an exten-sion to the world's largest water treatment plant, near Tokyo.

The French third of the con-tract is worth between FFr100m and FFr150m, with the remaining two thirds going to the two Japanese partners, Fuji Denki, the electrical group, and Suido Kiko, the water treatment company.

suburb of Nanterre, built by Dumez to be its headquarters before the two companies merged Lyonnaise des Eaux-Dumez southern France. continues to hold second place in French water distribution after

keep its 9 per cent stake in Anglian Water Authority. "We don't need to keep three jokers in the same business in Britain." FFr270m sale of its 10 per cent stake in Dyckerhoff & Widmann, the German building group.

It is also paying an undisclosed sum for majority control of Société de Controle Merlin, a

Thomas Plaskett, Pan Am chairman: flights will continue

from United - has increased the and some terminal facilities.

ers Trust - which included \$50m Am for two Boeing 747 aircraft

collanse.

Bank America enters BNE talks

By Alan Friedman, Peter Riddell and Stephen Fidler

THE BANK of America, the second largest US bank, is in talks with federal bank regulators about the possible acquisition of the deposits and assets of the Bank of New England (BNE), the Boston-based bank that was declared insolvent on Sunday

and seized by US authorities. The profitable San Francisco-based bank, with \$110bn of assets, believes the 310 branches of BNE's three operating companies in Massachusetts, Connecticut and Maine "could be profit-able if the right kind of deal is

BankAmerica, with 1,200 branches in seven Western states, specialises in retail banking and was last year one of the most profitable US banks. The bank said it was reviewing the operations of BNE and may submit a bid thereafter.

The state of the s

Banc One, the aggressively expanding Ohio-based bank, now the 15th largest in the US, said it was also interested in seeing what BNE assets were up for sale. Last year it acquired MCorp, a failed Texas banking group. Meanwhile, US federal regulators have moved to calm fears

over deposits in banks owned by BNE. They sought to reassure depositors that their money was safe in banks insured with the government. Mr William Seidman, chairman

of the Federal Deposit Insurance Corporation, said that "to protect the stability of the system, we should protect all depositors". But he said this was not a precedent for other rescues. Mr Robert Clarke, Comptroller of the Currency, said "the gov-ernment is prepared to step in

and do what needs to be done.

You don't have to be concerned about leaving your deposits in a federally insured institution". He added that the rescue, and possible sale of the operating banks (less some non-performing assets) should "help attract outside capital to the region".

company of the Bank of New England filed a liquidation petition under Chapter 7 of the US bankruptcy code on Monday. The move is technical as it

The expected losses of \$2.3bn on the rescue of the Bank of New England's banks have already been assumed by the FDIC in projecting a loss on the insurance fund of \$4bn in 1990. In Boston, the former holding

refers only to those few assets not already seized by the FDIC. It means, however, that holders of nearly \$500m of bonds have little hope of recovering their money. This advertisement is issued in compliance with the Council of The Stock Exchange and does not constitute an offer or invitation for any person to subscribe for or purchase securities.

Application is being made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of Chemex International PLC in the Unlisted Securities Market. It is emphasised that no application will be made for these shares to be admitted to the Official List. It is expected that dealings in the Ordinary Shares will commence on 14 January 1991.



CHEMEX INTERNATIONAL PLC

(Incorporated in England and Wales under the Companies Act 1985, No. 2127174)

Introduction by Cambridge Capital Limited

SHARE CAPITAL

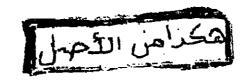
Anthorised £1,440,000

Ordinary Shares of 5p each

fully paid £982,133

The principal activities of Chemex International PLC and its subsidiary are the provision of services and products for the analysis and testing of gases, liquids and solids for their constituents and characteristics with particular reference to environmental pollution.

Particulars of Chemex International PLC are included in the Companies Fiche Service available from The International Stock Exchange. Copies of the Introduction Document may be obtained during normal business bours on 10 and 11 January 1991 from the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London, EC2A 1DD. Copies are also available during normal business hours on any weekday (Sahirdays and public holidays excepted) between 10 January 1991 and 5 February 1991 from the registered office of Chemex International PLC at St John's Innovation Centre, Cowley Road, Cambridge CB4 4WS and from Cambridge Capital Limited, Chemex's stockbroker and financial adviser at 46 Catherine Place, London SW1E



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9th January, 1991

Notice to the Holders of

U.S. \$200,000,000 51/2% Convertible Subordinated Debentures **Due October 12, 1999**

MCA INC.

Notice of Fundamental Change

Notice is hereby given that on December 29, 1990 a subsidiary of Matsushita Electric Industrial Co., Ltd. accepted for payment shares of common stock of the Company pursuant to its previously announced tender offer; thereby constituting the occurrence of a Fundamental Change as defined in the Debentures. Accordingly, pursuant to the terms of the Fiscal and Paying Agency Agreement dated as of October 12, 1989, each holder of a Debenture has the right, at such holder's option, to require the Company to redeem any or all of such holder's debentures on February 21, 1991 at a redemption price equal to the principal amount thereof together with accrued interest to such date. The amount of interest accrued on each Debenture to the date fixed for redemption shall equal \$100.83 for each \$5,000 principal amount of Debentures surrendered for redemption.

To exercise the redemption right, on or before February 6, 1991, a holder shall deliver the Debentures to be so redeemed (together with all Coupons maturing subsequent to February 21, 1991) with the form entitled "Option to Elect Redemption Upon a Fundamental Change" on the reverse of such Debentures duly completed, to Bankers Trust Company, 1 Appoid Street, Broadgate, London EC2A 2HE, Bankers Trust Luxembourg S.A., P. O. Box 807, 14 Boulevard F.D. Roosevelt, L-2450 Luxembourg, or Swiss Bank Corporation, 1 Aeschenvorstadt, CH-4002 Basle, Switzerland. Such written notice shall be irrevocable and shall terminate all conversion rights of the holder with respect to the Debentures to be redeemed.

MCA INC.

Notice to the Holders of

U.S. \$200,000,000 51/2% Convertible Subordinated Debentures **Due October 12, 1999**

> MCA INC. (The "Company")

Notice of Merger

Notice is hereby given that pursuant to the terms of an Agreement and Plan of Merger dated as of Notice is hereby given that pursuant to the terms of an Agreement and rian of Merger dated as of November 26, 1990 (the "Merger Agreement") among the Company, Matsushita Electric Industrial Co., Ltd. ("Parent"), Matsushita Holding Corp. and Matsushita Acquisition Corp. (the "Purchaser"), an indirect wholly owned subsidiary of Parent, the Purchaser was merged with and into the Company on January 3, 1991 (the "Effective Time") with the Company being the surviving corporation. Under the Merger Agreement, each share of common stock of the Company issued and outstanding immediately prior to the Effective Time (other than shares held by Parent or any direct or indirect subsidiary of Parent, the Company or any of its subsidiaries, which have been cancelled) has been subsidiary of Parent, the Company or any of its subsidiaries, which have been cancelled) has been converted into the right to receive an amount in cash equal to \$66, without interest (the "Cash Merger Consideration"). Accordingly, holders of Debentures outstanding after the Effective Time shall thereafter have the right during the period such Debentures shall be convertible to convert such Debentures into the right to receive, without interest, an amount in cash equal to \$4,654.49 for each \$5,000 principal amount of Debentures converted. This amount is equal to the Cash Merger Consideration multiplied by the number of shares of common stock of the Company the holders of such Debentures would have been entitled to receive had such holders converted such Debentures into the state of the Company in mediately prior to the fiffertive Time. The Debentures are shares of common stock of the Company immediately prior to the Effective Time. The Debentures are no longer convertible into shares of common stock of the Company. Holders of Debentures are not required to exercise the conversion privilege at this time.

January 7, 1991

Notice to the Holders of

U.S. \$300,000,000 5½% Convertible Subordinated Debentures **Due 2002**

MCA INC.
(The "Company")

Notice of Merger

Notice is hereby given that pursuant to the terms of an Agreement and Plan of Merger dated as of November 26, 1990 (the "Merger Agreement") among the Company, Matsushita Electric Industrial Co., Ltd. ("Parent"), Matsushita Holding Corp. and Matsushita Acquisition Corp. (the "Purchaser"), an indirect wholly owned subsidiary of Parent, the Purchaser was merged with and into the Company on January 3, 1991 (the "Effective Time") with the Company being the surviving corporation. Under the Merger Agreement, each share of common stock of the Company issued and outstanding immediately prior to the Effective Time (other than shares held by Parent or any direct or indirect subsidiary of Parent, the Company or any of its subsidiaries, which have been cancelled) has been converted into the right to receive an amount in cash equal to \$66, without interest (the "Cash Merger Consideration"). Accordingly, holders of Debentures outstanding after the Effective Time shall thereafter have the right during the period such Debentures shall be convertible to convert such Debentures into the right to receive, without interest, an amount in cash equal to \$5,123.14 for each \$5,000 principal amount of Debentures converted. This amount is equal to the Cash Merger Consideration multiplied by the number of shares of common stock of the Company the holders of such Debentures would have been entitled to receive had such holders converted such Debentures into shares of common stock of the Company immediately prior to the Effective Time. The Debentures are no longer convertible into shares of common stock of the Company. Holders of Debentures are not required to exercise the conversion privilege at this time.

January 7, 1991

MCA INC.

MCA INC.

INTERNATIONAL COMPANIES AND FINANCE

chairman forced to step aside

By Bernard Simon

MR RODERICK Bryden, one of the high flyers of Canadian business in the early 1980s, has been forced to step aside as chairman and executive of as chairman and executive of SHL Systemhouse, the ailing computer systems company. Mr Bryden was credited with once building the company into a showpiece of Canada's high-tech industry.

Systemhouse, which suffered a C\$40.6m (US\$35m) loss to its latest fiscal year, and

in its latest fiscal year, and whose shares are worth a third of their year-ago value, said yesterday its board con-sidered that any recovery required the appointment of a

new chief executive.

The company's share price bounced up by 10 per cent yes-terday on news of Mr Bryden's

departure.
Systemhouse is a subsidiary of Kinburn Technology, which was controlled by Mr Bryden until it defaulted on C\$816m in loans last March. Kinburn's main creditors, the Montreal based telecommunications group BCE and a banking syndicate led by Royal Bank of Canada, have been trying unsuccessfully to sell System-

house. Kinburn also owns a paperboard recycling business. Mr Bryden, 50, joins a lengthening list of Canadian entrepreneurs who - like their Australian counterparts

have been forced out of their foundering companies. Others include the real estate and retailing executive Mr Robert Campeau and Mr Garth Drabinsky, who founded the Cineplex Odeon theatre chain.

Mr Bryden was a university lecturer and senior civil ser-vant before he moved into business in the mid-1970s. He has also become active in poli-tics, and was recently elected president of the Liberal Party in Ontario.

Systemhouse will retain him as a consultant for two years at a fee matching his current salary, bonus and benefits. The company has also agreed to finance his purchase of 125,000 shares, to add to the 325,000 he holds.

The systems integration company, which had sales of almost C\$700m in the year to August 31, has appointed a five-person committee to seek Mr Bryden's replacement.

SunTrust Banks up slightly in fourth quarter

By Karen Zagor

SUNTRUST Banks, the Georgia-based regional bank-ing company, yesterday turned in fourth-quarter net income np slightly to \$85.8m or 68 cents, from \$84.6m or 66 cents a year earlier.

For the whole of 1990, Sun-Trust posted net profits of \$350.4m or \$2.75 a share, compared with \$337.3m or \$2.61 the previous year.

The bank's non-performing assets jumped 14.6 per cent to \$605.9m at the end of the year, compared with \$528.7m at the end of September last year.

SunTrust said the return on common shareholders' equity fell to 15.9 per cent from 16.9 per cent in 1989. The return on average assets in 1990 was

average assets in 1990 was
1.13 per cent, against 1.16 per
cent a year earlier.
The group said its total
assets as of December 31 rose
7.6 per cent to \$33.4bn. Loans
in the year grew 4.8 per cent
to \$22.1bn.
The hank's reserve for loan

The bank's reserve for loan losses rose 5.2 per cent to \$360.2m in the year. Deposits grew 7.5 per cent in the year to \$26.8bn.

CHABE

Systemhouse McDonnell Douglas under attack

Martin Dickson on the cancellation of the A-12 aircraft programme

HIS year could be cru-cial to the future of McDonnell Douglas, the largest defence contractor in the US, and it has just got off

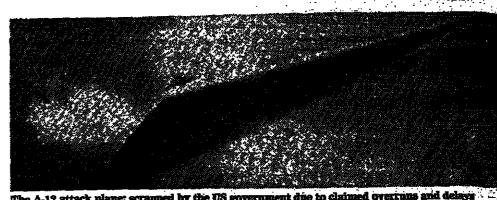
to an awful start.
In a move which surprised military analysts, Mr Dick Cheney, the defence secretary, announced on Monday he was scrapping plans to build a new naval attack aircraft, the A-12, because of what he said were delays and cost overruns by its manufacturers, McDonnell Douglas and General Dynam-ics, the third largest defence

The two companies were meant to build eight prototypes of the distinctive wedge shaped aircraft for \$4.8bn, but the defence department claimed that the costs of this initial development phase would have soared to more than \$7.5bn.

The move has important implications for both compa-nies and for the whole defence industry, which is already reel ing from deep cuts in US defence spending. This is supposed to drop by 25 per cent during the next five years, while accommodating an increase in armed forces per-sonnel as a result of the Gulf crisis. Hardware expenditure is

going to be hit very hard. The cuts come when the industry is in a far from healthy shape, hit by tax changes and the Reagan administration's move in the 1980s to a fixed-price system for military contracts, rather than the old cost-plus model which left the Pentagon paying

for cost overruns. Contractors bid too low for many of the new fixed-price deals and have had large write-offs to show for it. The mes-sage from Mr Cheney is that they should rid themselves of any doubts that the government will bail them out.



The A-12 attack plane: scrapped by the US government due to claimed overruns and delays:

The cancellation will also intensify debate on whether fixed-price contracts are realistic on programmes at the lead-ing edge of technology, such as the A-12. General Dynamics leapt in on Monday and said the aircraft's development problems were a direct result of this system.

That argument will be pursued in the courts, where the two companies plan to fight the Pentagon's insistence that they should pay for all the cost overruns on the programme. Cancellation of the pro-

gramme will also have a significant effect on their revenues and income in the 1990s, although many analysts argue that the pressures on the military budget meant the A-12 was never going to be a particularly profitable aircraft.

Yet, in the short-term, can-cellation of the programme could have some benefits for both companies. Mr Howard both companies. Mr Howard Rubel, an analyst at C.J. Lawr-ence, points out that neither company was booking profits from the programme; Mr Cheney's axe immediately stopped their cash drain. It might even allow General Denamics to reverse part of a Dynamics to reverse part of a \$450m write-off it took on the project in the second quarter.
That said, the two companies

keep the programme alive -offering last minute financial concessions to the Pentagon - and the resulting lay-off of some 9,000 workers will be a severe blow to morale.

his will be particularly true at McDonneil Doug-las, which has been real-ing from plans to cut some 17,000 jobs, nearly 13 per cent of its workforce. The problems are due, in part, to defence cut-backs, but also to the inherent sses of its commercial ircraft operations.

For years the company's profitable defence operations, based in St Louis, have propped up the commercial air-craft side, based in Long Beach, California, as it has tried to compete universally against a highly profitable Boeing and a subsidised Airbus industrie.

Now many of McDonnell Douglas's existing military pro-grammes, such as the F-15 fighter, are running down and others are in difficulties. For example, the C-17 transport, being built at Long Beach, is way behind schedule. The com-pany, and ally Northrop, are also battling against Lockheed, Beeing and General Dynamics over development of an

had been extremely anxious to Advanced Tactical Fighter The Pentagon will choose the winning design later this year for a contract which could be worth more than \$50hn over 30

On the civillan side, the comon the civiner sam, are com-pany's 10-year-old MD 81-sir-liner, which has not been con-sistently profitable, faces declining demand. Hopes are inned on the new wide bodied MD-11, which is expected to meet an aircraft a week pro-duction level by the end of his year. However, some Wall Street analysis doubt whether that is possible and others question the strength of its order book.

All this could put additional financial strains on a company which is highly leveraged— debt is nearly as great as equity—where coal flow may be negative and where not profits are sith on revenues of

more than \$16bn.

Mr Rubel, of C.I. Lawrence, says he does not believe the company is in financial distress, and McDonnell itself says that the A-12 decision will not have a material impact on its financial condition. Even so, the move must raise ques tions as to whether the con-pany is likely to weather the next year or two without some radical changes in structure.

LEGAL NOTICES

CASTLE RECRUITMENT (BRISTOL) LIMITED

IAN NAPIER CARRUTHERS and DAVID ROB-ERT WILTON

HAIG WYRESDALE RECRUITMENT ADVERTISING LIMITED

Registered number: 1857923
Nature of business : Recruitment Connei
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Trade classification; 38
Date of appointment of joint administrative receivers; 24 December 1990.
Name of person appointing the joint administrative lease of person appointing the joint administrative receivers; National Westminster Sani PLC

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Joint Adminis (Office holder nos \$14 and 292) Cork Gully

> CASTLE RECRUITMENT (HOLDINGS) LIMITED

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(COVENTRY) LIMITED

Date of appointment of joint ad receivers: 24 December 1990 Name of person appointing the joint administrative receivers; National Westminuter Beni PLC
IAN NAPIER CARRUTHERS and DAVID ROIS-ERT WILTON
Joint Administrative Receivers
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CASTLE RECRUITMENT LIMITED

Name of person appointing the joint adminis-trative receivers: National Westmigster Benk

ERT WILTON Control of the Contro

> CASTLE RECRUITMENT (MANCHESTER) LIMITED

Nature of Issuineas: Fleerutinest Gotesstein;
New Dormat.
Trade classification: 98
Date of appointment of joint administrative receivers: 24 December 1939
Name of person appointing the joint administrative receivers accelerate their particular receivers their sections.

PLC
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Joint Administrative Receivers
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Cork, Gully
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Standard & Chartered

Standard Chartered PLC (incorporated with limited hability in England

US\$300,000,000 Undated Primary Capital Floating Rate Notes (Series 4) (of which US\$200,000,000 has been issued as the Initial Tranche)

In accordance with the provisions of the Notes notice is: hereby given that for the six month period (18) days) from 9th January, 1991 to 9th July 1991; the Notes will early interest at the rate of 7.7125 per cent. per annum.

interest payable on 9th July 1991 will amount to US\$38771. per US\$10,000 Note and US\$3,877.67 per US\$100,000

> Chartered WestLB Limited Agent Bank

Standard & Chartered

Standard Chartered PLC (incorporated with limited tability in England)

US\$400,000,000 Undated Primary Capital **Floating Rate Notes**

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Determination period: from 9th January, 1991 to 11th February, 1991, the Notes will carry interest at the rate of 711/4 per cent, per annum. Interest accrued to 11th February, 1991 and payable on 9th July, 1991 will amount to US\$70.47 per US\$10,000 Note and US\$704.69 per US\$100,000 Note.

> **Chartered WestLB Limited** Agent Bank

LEBOWA PLATINUM MINES LIMITED Registration No. 63/96144/96 (Incorporated in the Republic of South Africa RESUMPTION OF PRODUCTION

Further to the company's announcement of 26th November 1990, Shareholders are advised that a mining contractor has been employed to provide the labour required to resume production at the Atok Section. Development and a limited amount of stoping has commenced and it is expected that production will increase over the next few months to levels planned prior to the recent illegal work stoppage.

Shareholders will be advised of progress.

Johannesburg 8th January 1991

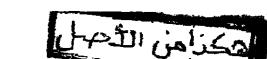
ROYAL TRUSTCO LIMITED Yen 12,000,000,000 Reverse Dual -**Currency Debentures Due 1992** Notice is hereby given that the Rate of Interest has been fixed at 12.5025% and that the interest payable on the relevant interest Payment Date April 8, 1991 against Coupon No. T3 in respect of Yen 10,000,000 nominal of the Notes will be NZ\$1,381.54.

January 9, 1991, London By: Cifibank, N.A. (CSSI Dept.), Agent Bank

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Particulars of the new Ordinary Shares and the Warmers are justised in the Companies Fiche Service available from The Stock Exchange and copies may be obtained during promise business hours up to and including 11th Japunery. 1991 from

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CAL Futures Ltd Windsor House Windsor House 90 Victoria Street London SW1H 0NW Tel: 071-709 2231

Robert Fleming & Co.

Lamited, 25 Copthall Averse, London EC2R 7DR.

January 7, 1991

accounts as of December 31st, 1990, the company's unconsolidated net asset value amounted to USD 301,472,342.48 i.e. USD 490.20 for each of the 615,000 shares of USD 100 making up the company's capital.

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Floating Rate Notes 1993

In accordance with the provisions of the Notes, notice is hereby given,

that for the three month interest Period from January 7, 1991 to April 8, 1991 the Notes will carry an interest Rate of 14.1% per annum. The interest payable on the relevant interest payment date, April 8, 1991 will

be £351.53 per £10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.

London, Agent Bank

The consolidated net asset value per share amounted as of December 31, 1990 amounted to USD 510.13.

INTERNATIONAL COMPANIES AND FINANCE

Sabena admits large losses and plans improvements

By David Gardner in Brussels

SABENA, Belgium's flag airline which is trying to restructure following the collapse of its joint venture with British Airways and KLM 10 days ago, has confirmed that it faces heavy losses for last

Mr Pierre Godfroid, who took over as chairman this month with a mandate to overhaul and recapitalise Sabena, said in a letter to company employ-ees that he planned to introduce "strategic and operational improvements in the short term" and that it was "indispensable to get our company out of the very heavy losses it has sustained, within the next 18 months".

Sabena representatives have

declined to quantify the losses, but these are expected to range between BFr4bn (\$126m) and BFr8bn, up from a deficit of BFrl.3bn in 1989. The Belgian government,

which has a 53 per cent stake in Sabena, has asked Mr Godfroid to produce a rescue plan for the airline by February 1. On December 31, BA and KLM withdrew from the joint venture, called Sabena World Airlines (SWA), in which they each had 20 per cent stakes. One of their main reasons for folding the ambitious venture was that it had become clear that SWA needed much more

capital than they had anticipated to succeed. In the first stage of the rescue plan, Mr Godfroid is expec-ted to announce heavy redun-dancies next week. In the last five years, the airline's load factor has fallen from 74 per cent to 65 per cent, while an already bloated payroll swelled from 8,600 to nearly 12,000 employees - though a third of these work in the Sabena group's non-airline businesses.

Though BA has said it will continue discussing a strategic link-up with Sabena, Mr God-froid has held talks with American Airlines, which in turn has talked to Trans European Airlines, the Belgian independent charter airline, which has revived its interest in a link with the state carrier following BA and KLM's departure.

Trucks face 'some tough years'

THE GLOBAL truck market will continue to suffer a down-ward trend in demand until at least the middle of the 1990s, predicted Mr Leif Ostling, chief executive officer of Sasb-Scania's truck division, yester-

day. He said that, whereas 1989 had been one of the best years for world trucks with the production of about 500,000 units, of which Scania accounted for 7 per cent, signs of a slowdown were becoming apparent by the end of 1989. In the first six months of 1990 there was a 9 per cent cut in global truck

Mr Ostling said it was too early to estimate the size of the fall in 1991 because of uncertainties caused by the Gulf cri-However, he added that there would be "some tough

years until the middle of the 1990s" before the market would pick up again. Mr Ostling said that in 1989 190,000 trucks had been produced in western Europe but

last year there was a 15 per cent drop to about 160,000 units a further decline to 140,000 expected in 1991. Scania, as the fifth largest

pessimistic about the truck market potential in eastern Europe. Mr Ostling said he believed there would only be a yearly import of about 1,000 heavy trucks from the west over the next few years due to lack of money for investment and the need for improved servicing facilities.

Scania remains highly optimistic, however, about truck market prospects in the Far East. Mr Ostling said that there had been a strong expansion of the truck market in south-east Asia and that there were signs that this was going

Wm Cook launches bid for Telfos

By Richard Gourlay in London

WILLIAM COOK, the acquisitive Sheffield-based steel foundry group, yesterday launched a hostile cash and shares bid for Telfos which values the locomotive and railway rolling stock group at about

£40m (\$78m). The Telfos share price, which had fallen as low as 660 last November following boardroom disagreements, immediately rose 15p to 125p. The offer involves three new

William Cook shares and 300p in cash for every eight Telfos shares and values Telfos shares at about 126p each. Mr Andrew Cook, chairman of William Cook, Europe's largsaid he had been looking for a new branch to add to his

group's steel castings business. "With the disastrous cata-logue of ill-judged investments and the frequent management changes, Telfos' board has clearly lost its way", Mr Cook said. He said William Cook stock and mining businesses

and sell most of the non-core investments which had weak-ened the Telfos balance sheet. "unattractive and derisory from an unattractive source and would not discuss the group's profits.

After announcing the bid, William Cook bought 1.9m shares in the market raising its stake in Telfos from 0.9 per cent to 6.87 per cent.

A Cook who hopes for easy digestion: Page 23; Lex,

Lloyds Bank faces claim over notes

By Haig Simonian

JUST as it hoped to have the worst behind it, Lloyds Bank of the UK has again found its name embroiled in the complex Italian wrangle over \$752.5m of Philippine promissory notes.

At a press conference in Rome, Mr Giuseppe Dordei, a representative for the Beirutbased Zubaidi Trading Company (ZTC), claimed to have evidence proving that the bank was liable for damages over its

role in the affair.
In London a Lloyds representative said: "We are pursuing our interest through the courts. This does not alter our

stance in any way."
The dispute dates to 1987. when Mr Antonio Marinari and Mr Roberto Esposito, two Italian business executives, walked into the Manchester branch of Lloyds Bank Interna-tional with the promissory notes, which were to be used to finance a food export deal involving ZTC.

Suspecting a fraud, the bank kept the documents, which were later handed to the police, who then began pro-ceedings against the two. After Mr Marinari had spent 11 months in jail on remand, the

case was dropped. However, in June last year Lloyds Bank executives were stunned by an Italian court decision to sequester \$796.2m of its assets following an injunction by the two men, who claimed damages after persuading a local judge that the bank had a case to

The latest twist involving Mr Dordei follows Italian press between ZTC and the two businessmen involved arms shipments, rather than food aid to Palestinian refugees as

Producing a welter of documents, all apparently circum-stantial, Mr Dordei has alleged accomplice in a plot to scuttle the ZTC transaction.

Although Mr Dordei says he will be able to prove the claims in court, Lloyds Bank, which has had the sequestration order overturned, has rejected his allegations as baseless.

Third top executive resigns from Holding over-extended German bank

MR KARL Fehrenbach, the 52-year-old vice-chairman of Deutsche Genossenschafts-bank, the struggling central bank for Germany's co-operative institutions, is to quit at the end of this month.

With his departure, the three top executives at DG Bank have resigned, or announced their resignation, in less than a year, illustrating the plight of the over-extended bank, which had grown to become Germany's fourth largest.

Mr Helmut Guthardt, the chairman, served notice in November that he would leave after the shareholders' meeting this June. Mr Guthardt had been unable to restore the

bank's reputation after a dispute last February about DM6bn (\$3.92bn) of bond trans-actions with several French banks that saw four DG Bank bond traders arrested and a criminal investigation initiated. At the time, one of the then two vice-chairmen, Mr Karl-Herbert Schneider-Gädicke, who was in charge of the securities business, resigned.

Mr Fehrenbach explained yesterday that he felt he no longer retained the trust of the head of the supervisory board, and that he wanted to make a contribution to the "long overdue" decision concerning the appointment of the new chair-

Mr Wolfgang Grüger, chairman of the supervisory board, is understood to tavour an outside candidate - Mr Egon Kremer, the 64-year-old head of the Badische Beamtenbank, a large German co-operative bank in

Karlsruhe.

However, his age would dictate that he could be only an interim solution. Under Mr Guthardt and his team, DG Bank has built up a balance sheet of about DM200bn.

Most recently, the bank announced it would be forced to make abnormally high writedowns on its unwieldy DM20bn fixed income portfolio as rising interest rates have

Hoogovens lowers profit forecast

HOOGOVENS, the Dutch steel and aluminium group, said that 1990 profit would be slightly lower than forecast and it predicted that 1991 would prove to be a difficult year involving the risk of a considerable decline in results. The company's shares fell sharply on the news, tumbling 8.6 per cent to F144.80 on the Amsterdam bourse.
In a new year message to

staff, the company said 1990 net profit might be slightly less than the Fl 300m predicted ear-

SOCIETE Européene de

Propulsion (SEP), the French state-controlled maker of

rocket engines, yesterday reported a rise in estimated

profits and sales for 1990, but warned that European defence orders would fall slightly this

SEP, which is 52 per cent-owned by Snecma, the state-

owned aircraft engine pro-

ducer, recorded consolidated sales of FFr4.6bn (\$884m) last year, up from FFr4.44bn in

1989, on which net profits rose

to FFr140m from FFr103.7m. This included a FFr40m one-off

As in the past, civil orders

By William Dawkins

8 per cent compared with 1989, when group sales had totalled F19bn (\$5.3bn). In 1989, which was a particularly good year for Hoogovens, the group posted net profit of F1406m on normal business operations.

Mr O.H. van Royen, Hoogovens' chairman said it was diffi

accounted for three quarters of the sale, with the remaining quarter going to military cus-

tomers, said Mr Jean Sollier,

The changes in eastern Europe meant that it was

likely that the group's military activities would "diminish a little bit," he said.

group sales and profits this

year would be comparable to

The group's top research pri-orities included engines for the next generation of supersonic aircraft and heat protection for

Hermès, the European space

or slightly above 1990.

However, he added, overall

ens' chairman, said it was difficult to make a reliable 1991 forecast because of uncertain. ties such as the Gulf crisis. But lier, due mainly to operational he added: "Developments in

chairman.

SEP profits up at FFr140m

difficulties at its steel blast fur-naces in recent months.

It gave no firm figures but said turnover in 1990 had fallen

recent months, relating both to volume and to continuing pres-sure on prices, entail a risk of considerably lower results." Hoogovens has said it will sign a co-operation agreement with the Czech steelmaker Vychodoslovenske Zeleziarne (VSZ) to provide the Czech company with technical know-

> The agreement is designed to give Hoogovens an entry into the eastern European market while increasing the competi-tiveness of VSZ in the interna-

Actron to join Tokai in venture

ACTRON AG of Switzerland and Tokai Electronics of Japan are establishing a joint venture are establishing a joint venture to build a factory in Hokkaido, Japan, for the production of electronic self-adhesive labels to protect merchandise against shoplifting, writes William Dullforce in Geneva.

Actron, a subsidiary of the ADT Group of New Jersey, US, will take a one-third share in

will take a one-third share in Tokai Electronics, which is a wholly owned subsidiary of Tokai Metals, Japan's largest maker of aluminium foil. The Swiss company is

Europe's largest manufacturer of electronic shoplifting control systems with annual sales of some SFr70m (\$54m).

vehicle set up at **Paribas**

By William Dawkins

THREE large institutional shareholders in Paribas, the French investment banking group, have agreed to pool most of their shares in a new holding vehicle.
Axa, the insurance group,

the Pargesa financial holding company and Navigation Mixte, the champagne to insurance conglomerate, which last year struck a peace treaty with cent of the bank's shares in the group. The move allows them to consolidate part of Paribas' profits in their accounts, rather than merely drawing dividends as previously. It crystallises a single large block of long-term sharehold-

team established at Paribas in the wake of its failed bid in 1989 for Navigation Mixte. The three institutions hold 24.3 per cent between them, rather more than they are pooling, but have kept the balance on their own books to be available for dealing in the market.

Axa owns nearly 5 per cent of Paribas, while Navigation Mixte has 10.3 per cent and Parfinance, Pargesa's French financial services subsidiary,

holds just over 9 per cent of the shares. Moulinex, the French maker of kitchen equipment, yesterday said it had com-pleted the takeover of Krups, its family-owned German competitor, becoming one of Europe's main producers of small household appliances. Negotiations with Krups

opened last year, but were delayed by a dispute in Moulinex over whether the indebted French group could afford a deal of this size.

The companies did not dis-close price for the sale of Krups, which employs 3,000 people and last year had a turnover of more than DM540m (\$350.6m). Of Krups' total sales, 40 per cent were in Germany and 30 per cent in the US.

This will roughly double Moulinex's FFr900m (\$178m) sales in Germany, give the French company its first production base there and improve its access to the US

TARGET EXPLORATION

Incorporated in the Republic of South Africa (Reg. No. 90/07025/06)

LORAINE GOLD COMPANY LIMITED ... MINES LIMITED

Friday, II January

Monday, 14 January

Friday, 18 January

Wednesday, 6 February

Thursday, 7 February

Thursday, 7 February

Friday, 8 February

Wednesday, 13 February

Incorporated in the Republic of South Africa (Reg. No. 05/39138/06)

RIGHTS OFFER OF 16 366 986 ORDINARY SHARES IN TARGET AND RENUNCIATION OF RIGHTS IN RESPECT THEREOF IN

UAL Merchant Bank Limited is authorised to announce that, pursuant to the rights offer by Target of ordinary shares, The Johannesburg Stock Exchange ("the JSE") has granted the following listings:

(a) for the renounceable (nil paid) letters of allocation ("letters of allocation") to be issued pursuant to the rights offer from Monday 14 January 1991 to Wednesday, 6 February 1991 (both days

(b) for the Target ordinary shares from Thursday, 7 February 1991.

It is emphasised that no application has been or will be made for the Target ordinary shares to be admitted to the Official List of The International Stock Exchange of the United Kingdom and Republic of Ireland Limited ("the ISE"), nor for the grant of permission for dealings to take place in the Unlisted Securities Market of the ISE. It may be possible to deal on the ISE, in terms of Rule 535.4.a, in the letters of allocation from Monday, 14 January 1991 to Wednesday, 6 February 1991 (both days inclusive), and in the Target ordinary shares from Thursday, 7 February 1991.

Registration date for the purposes of the rights offer and the renunciation of rights in favour of Loraine ordinary shareholders

Listing of rights to subscribe for Target ordinary shares commences on the JSE

Opening date of the rights offer - 09:30 on

Last day for dealing in letters of allocation on the JSE Last day for splitting letters of allocation in Johannesburg and London by 14:30 on

Listing of Target ordinary shares commences on the JSE Closing date of the rights offer in Johannesburg and London 14:30 on

Postal acceptances postmarked on or before 8 February 1991 accepted until 14:30 on. Target ordinary share certificates and, if applicable, refund

cheques in respect of unsuccessful applications for additional

Monday, 18 February Target ordinary shares, posted by Times given are local time in the Republic of South Africa and the United Kingdom, as appropriate.

A circular giving full details of the rights offer, together with letters of allocation and application forms for additional Target ordinary shares, will be posted to each Loraine ordinary shareholder on 18

Copies of the aforementioned circular may be inspected at any of the following addresses:

(i) the registered office of Target, Anglovaal House, 56 Main Street, Johannesburg;

(ii) Fergusson Bros., Hall, Stewart & Co. Inc., 9th Floor, The Stock Exchange, Diagonal Street,

(iii) UAL Merchant Bank Limited, 3rd Floor, 100 Main Street, Johannesburg;

(iv) Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN; and

(v) the offices of the London Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London WIR 8ST

LIMITED US\$200,000,000 pating Rate Secured Notes Due 1992

For the 6 months period 7th January, 1991 to 8th July, 1991 the Notes bear the interest rate of 7.5625% per annum. US\$3,823.26 will be payable from 8th July, 1991 per US\$100,000 principal amount of Notes.

Yemaichi International (Europe) Limited, Agent

SABRE VIII LIMITED JPY5,000,000,000 Floating Rate Secured Notes Due 1993

For the 3 months period 7th January, 1991 to 8th April, 1991 the Notes bear the interest rate at 8.25% per annum. JP420,854 will be payable from 8th April, 1991 per JP41,000,000 principal amount of Notes

EMPLOYEE SHARE OWNERSHIP

The FT proposes to publish this survey on 23rd January 1991.
It will be of particular interest to the 79% of Chief Executives in Europe's Top 2000 companies who read the Financial Times. If you want to reach this impo tant audience, call Bill Castle on 071 873 3760 or fax 071 873 3062.

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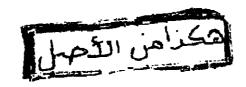
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BENCHMARK GOVERNMENT BONDS

AST associations by EIE International, the Japanese property development nese property developer, with boom-bust Australian entrepreneurs, and a feeling in Tokyo that the passing of an era of financial excess is about to be marked by the collapse of a well known company, have made EIE a target of the fin-

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ger-pointers. EIE's image has not been helped by a property portfolio marked by the bizarre, and by a self-confessed hangover from a sen-confessed nangover from previous buying binges. Apart from mainstream hotel and office buildings in the US, Aus-tralia, the UK and south-east Asia, it has a half share in Bond University, the Queensland establishment founded by the Australian entrepreneur Mr Alan Bond, and a floating hotel moored in the Saigon river which runs to Ho Chi Minh City, Vietnam.

But instead of being a salu-

tary symbol of the dangers of easy money, the privately-held EIE has become a case study of Japanese banks' willingness to back troubled clients and, with the money, to send senior and middle management to oversee a restructuring.

The support has come despite EIE's reputation as a corporate "outsider" with a maverick chief executive, Mr Harunori Takahashi, who built a property empire on the back of an electronics import com-pany acquired in 1977. His love of a deal made him a natural partner of the Australian entrepreneurial group, although unlike several of his past associates, Mr Takahashi still has a long line of credit.

EIE International's main hank, the Long-Term Credit Bank of Japan, is to send spe-cialists to EIE to assess pros-pects for the sale of properties, and will provide funds in case

of repayment problems.

The bank, which estimates



Harunori Takahashi (left), chief executive of EIE Developments, which has a half share in the university in Queensland founded by Alan Bond (right)

its exposure at Y100bn (US\$732m) of the Y500bn of EIE's outstanding debts, insisted that the developer was

"not thought of as a problem company", although it was fac-ing a "difficult period. "We think their core busi-ness of resort development in the southern Pacific is very strong. The difficulty is that higher interest rates have caused problems for their cash flow. We think they can over-come this," the bank said.

EIE admits there are prob-lems, but does not like the comparisons with Mr Alan Bond, nor with Itoman, the financially-troubled Japanese trading house which is under reconstruction by the Sumi-tomo Bank, with debts esti-mated at YI.300on and a heavy property exposure in a soften ing Japanese market.

Mr Bungo Ishizaki, EIE International's senior executive adviser, said: "I would be

kidding if I pretended we don't have problems," but the Ito-man comparison was "very unfair" as the trading house's difficulties were of a "vastly

The causes are not vastly dif-ferent. Both companies used appreciating Japanese land assets as collateral for more ambitious investments, which, in EIE's case, were generally in foreign markets, while Itoman's problems are at home.

Mr Ishizaki said that a dou-bling of Japanese interest rates over the past year had been a problem, while the interna-tional economic downturn had affected property values. EIE's bankers admit that they were probably too ready to lend for projects that were "outside the

core business".

The company's 50 per cent stake in Bond University, estimated to have cost A\$120m (US\$93m), was described as a white elephant" by Mr Ishi-

HK\$1.97bn (US\$252m). The sale could be the first of many to trim the group to a core of hotel and office holdings in the south Pacific. The Long-Term Credit Bank

Bond Centre in Hong Kong for

said that property specialists from the bank would help determine which assets should be sold to improve prospects

for "core" projects.
"We believe that these south Pacific projects are very good.
The problem is that it takes a
long term to generate the cash
flow, so we will support and
stimulate their business," the bank said.

Mr Ishizaki said that there were certain "misfit" proper-ties in Europe and the US, and "these are the ones we would like to sell". He said the Pacific basin properties "fit neatly" together, but some of the oth-ers were a "bit off the wall". LTCB and other leading lenders, including Mitsui Trust and Banking and the Nippon credit Bank, sent senior offi-cials to the company just more than a year ago. Mr Ishizaki said these bank officials had exercised more influence as

He said that EIE naturally found friendships with Austral asian entrepreneurs, including Mr Bruce Judge of Arladne, M Larry Adler and Mr Bond, because Japanese companies often faced difficulty in gaining acceptance from the traditional

élite of commerce. The 201-room floating hotel purchased in 1988 through Bar rier Reef Holdings, a quoted company, was a failure when moored off northern Australia, but is apparently a success in its new home on the Saigon

"The floating hotel is doing very well. In Vietnam, it's the only show in town," Mr Ishi-

on hopes for Fed easing

By Karen Zagor in New York and Simon London in London

US TREASURY bonds ended the day on a mixed note after receiving an unexpected boost yesterday morning when the Federal Reserve failed to operate in the open market while Fed funds were trading below the Fed's perceived target of 7

This instantly triggered spec-ulation that the Fed had eased

monetary policy.

The long end of the market had opened on a weak note, as traders started selling ahead of the results of the Treasury's afternoon auction of \$6.95bn in 30 and 40-year Refcorp bonds. Fear of war in the Gulf, new supply worries and the weak US economy remained depressing themes for the long end of

the yield curve. When the Fed did not interwhen the ren the hot intervence, with Fed funds trading at 6% per cent at intervention time, the long bond rallied briefly, climbing about % point before falling back to end the day down & at 104%, yielding \$25 per cent 8.35 per cent.

GOVERNMENT BONDS

But shorter-dated maturities held up better, gaining about & point in late trading. At the Refcorp auction, the average yield on the 30-year bond was 8.60 per cent, while the 39% year bonds had an average

■GERMAN government bonds moved higher yesterday against a background of posi-tive economic data and professional buying following earlier

The latest 10-year 9 per cent bund closed the day at 100.15

08/99 88:3174 -0.088 7.00 7.04 7.18 03/00 98:3785 -0.198 6.68 6.69 6.89 9.000 10/00 100.0700 +0.120 8.98 8.99 8.80 FRANCE BTAN 8.000 11/95 85.1835 -0.141 10.29 10.23 OAT 8.500 03/00 91.000 -0.160 10.01 9.95 CANADA . 10.600 03/01 101.5000 -1.050 10.27 10.27 10.23 NETHERLANDS 9.250 11/00 89.9700 -0.090 9.25 9.21 9.08 13.000 07/00 104.2111 -0.631 12.24 12.07 12.02 10.000 08/00 100.1500 -0.050 9.96 9.81 9.88 BELGIUM Technical Date/ATLAS Price Source

for a yield of 8.97 per cent, against 8.99 per cent on Monday. In the futures market, the March bund future closed at 82.11, up 27 prennigs from the

■UK GOVERNMENT bonds moved lower yesterday, giving up many of Monday's gains inst a beckground of political uncertainty in mostly pro-fessional trading.

The long-maturity bench-

The long-maturity benchmark 11% per cent gilt maturing 2003/2007 closed % point down on the day at 107% for a yield of 10.62 per cent. In the futures market, the March gilt futures contract closed at 89.24, after opening at 90.03.

Trading was again dominated by dealers, with firms keen not to hold long or short trading positions before further developments take place in the

developments take place in the

However, there is a discernible pattern of money moving down the curve into shorter

maturity bonds. Bonds fell by about % point at the eight-year maturity and posted marginal gains at the five-year maturity.

Analysts suggest this reflects a "flight to quality" in the face of the Gulf crisis. JAPANESE - government bonds continued downward yesterday as the prospects of a peaceful resolution to the Gulf crisis seemed to recede.

At the close of trade in Tokyo, the benchmark 119 gov-ernment bond issue closed on a eriment bond issue closed on a yield of 6.96 per cent, against 6.975 per cent on Monday.

Analysts suggest that there is support for bond prices at the 7 per cent yield level and that prices are unlikely to fall much further unless the Gulf crisis escalates into war.

Today the Benk of Jeren is

Today the Bank of Japan is expected to proceed with a lanned auction of 10-year gov ernment stock. Dealers expec an auction of about Y700bn

DIVIDEND NOTICE TO THE HOLDERS OF **EUROPEAN DEPOSITARY RECEIPTS FOR** COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) DESIGNATED COUPON NO. 80

(ACTION REQUIRED ON OR PRIOR TO APRIL 30th 1991)** Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Tokyo Shibaura Electric Company Limited (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 5.00 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock on record of Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received Costodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 131,95188 Ven per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Demnark, France, The Rederal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons the latting to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 80 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 80. Such certificates may be forwarded by the Depositary to the

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 80. DEPOSITARY'S AGENTS

Chemical Bank The Bank of Tokyo Limited Pierson, Heldring & Pierson Banco Nazionale del Lavoro Banco Nazionale del Lavoro

Paris, Rance Amsterdam, The Netherlands Rome, Italy Milan, Italy

ng tax)

\$1.52 \$15.15

Coupon No. 80 Detached (less 15% kn S16.10 \$161.03

U.S. \$100,000,000

TNT Limited

Subordinated Floating Rate

Notes Due 1996

Credit Suisse First Boston Limited

Payment in United States Dollars in respect of Coupon No. 80 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with a bank in New York City. Date: January 9, 1991 Chemical Bank, as Depositary, 180 Strand, London WC2R 1EX, England *September 30, 1990 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 80 attached.

aviation will be without Compon Not. 80 anached.

**Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deem appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after April 30th 1991 the excess received by the Custodian over 80% of the dividend payable and allocable to masurendened Company. 80.

allocate to mistrate every compour to the As a result, persons surrendering Coupon No. 80 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may consistently with the foregoing paragraph, be made through the Depositary.

8.17813% per annum

9th January 1991

9th July 1991

U.S. \$4,111.78

CHEMICAL BANK As Depositary

County NatWest to shed staff in Tokyo

By Stefan Wagstyl in Tokyo

zaki, who said his company

was now covering 100 per cent

of the university's expenses.

He also complained about
"unfairly" high capital gains
taxes in Japan and the difficulties of winning development

approval for a hotel project in

London: "That has been a big white elephant. The agony you

have to go through to get building approval is unreal." EIE's worth lies in an

impressive collection of seven

Regent and four Hyatt hotels in Asia and the Pacific, with

office buildings and golf courses in the US, UK, New

Zealand, Hong Kong and Thai-

land. Mr Ishizaki estimated

that the company owned "just on three dozen buildings,"

In late November. EIE Devel-

opment (International), the

Hong Kong listed subsidiary of

Tokyo-based EIE, announced

that it had sold 25 storeys in

worth, he reckoned, Y700bn.

investment banking arm of National Westminster Bank, is planning to shed staff in its loss-making Tokyo office through a voluntary redundancy and retirement scheme. The company, which employs 160 people in Japan, says it has no target in mind for the number of staff it posed reduction could be sub-stantial given that County is also planning to give up about

half the office space it occupies in Tokyo.

The move could be followed. by cuts at other foreign brokers in Tokyo since all are suffering from the impact of last year's plunge in the Japanese stock market. County's planned reductions are the

most significant since Citicorp and Security Pacific, the US banks, cut large parts of their Tokyo operations in the wake of the October 1987 global equities crash. Mr Tim Ferguson, head of

County's worldwide securities business, said the move was a response to difficult conditions in the securities industry. "We have lost a lot of money in Tokyo. We don't believe that the market is going to improve in the short term. Even if the

COUNTY NatWest, the index recovers, volumes are

unlikely to increase."

County's pre-tax losses in Tokyo swelled last year to around £10m (\$19m), as the plunge in prices and volumes in the Japanese stock market took its toll. The effects were compounded by the defection in March of a sales team to a rival broker, National Westresults for 1990.

County's problems in Tokyo are concentrated in the equities operation, which accounts for some 125 of the 160 staff. The rest work in corporate finance and in other capital markets activities.

Mr Ferguson, who was branch manager in Tokyo until two years ago, said County remained committed to its seat on the Tokyo Stock Exchange, which was acquired in 1988 after a protracted campaign. County intends to focus its

equity business on derivative products, such as packages including futures, options and warrants. The problem with this approach is that several other foreign brokers in Tokyo are moving in the same direction, particularly the large US investment banks, which have already developed a substantial business in derivatives.

Hong Leong rises 38%

HONG Leong Credit, the financial services arm of Malaysia's sprawling Hong Leong group, posted a 38 per cent rise in pre-tax profit to M\$35.2m (US\$13m) in the 12 months to June 1990 from M\$25,4m a year earlier, drawing on the nation's expanding economy, AP-DJ reports from Kuala

Revenue jumped by 44 per cent to M\$214.3m from M\$148.4m, while net profits of M\$24.5m showed a 35 per cent gain from the previous year's M\$18.1m. After minority interests and extraordinary items,

attributable profits jumped 44 per cent to M\$25.1m from M\$17.4m.

Hong Leong Credit, with subsidiaries involved in leasing, insurance, financing and property development, accounts for most of the financial services provided in Malaysia by the Hong Leong group.

The family-controlled listed

conglomerate is split into Singaporean and Malaysian branches, whose business hold-ings extend throughout south-east Asia, including Hong

reduce capacity, shrink its net-work or cut staff levels in spite of problems caused by a slowdown in worldwide economic

Fed ambiguous on easing move

THE Federal Reserve sent an ambiguous message to US markets yesterday morning when it failed to support the Fed funds rate by draining reserves from the banking system when the key rate was trading at 6% per cent, below the perceived 7 per cent target. This prompted speculation that monetary policy had eased.

The Fed funds rate has been unusually unstable in the last 10 sessions, trading in a range of about 8 per cent to below 1

per cent, and closing yesterday at 3 per cent after opening at 6% per cent. Although some volatility is expected at the start of the year, the market had expected the key rate to stabilise this week. However, the Federal

serve's recent actions have baffled traders. The Fed's operations in the open market last week contributed to the sharp drop in the rate on Fri-

seemed convinced that the Fed's lack of intervention yesterday was a clear signal of an easing, economists were less sure. Mr Robert Brusca, chief economist at Nikko Securities, said the Fed's lack of interven-tion was "a little surprising but the Fed funds are still close to the Fed's 7 per cent target". Mr Lazlo Birinyi, a markets strategist at Birinyl Associates, said it was too early to say the Fed had cut its

day. Although many traders target for funds. FT/AIBD INTERNATIONAL BOND SERVICE 95/893 LAND SECS 9 1/207 (LEEDS PERMANENT 9 1/4 93 5 NORWAY 10 1/2 94 5 RIKLES-ROYCE 9 5/8 93 5 SKANDBIN 10 7/8 93 5 SKANDBINAVSKÁ ENDX 13 1/8 95 5 SKANDBINAVSKÁ ENDX 13 1/8 95 5 ABBEY MATOMAL 0 96 NCS TELECOM X 05 FM 13 1/8 95 NCS ADC 7 7/8 93 FFF EURATOM 7 5/8 98 FF7

-2

6.79 41.10.55 7.79 7.79

CONVENTIBLE BONDS: Denominated in Gollans currency of there at conversion rate fixed at lea over the most recent price of the shares.



Interest Period

9th July 1991

Interest Amount per

U.S. \$100,000 Note due



7.825% per annum Interest Rate Interest Period 9th January 1991 9th July 1991 Interest Amount per U.S. \$100,000 Note due 9th July 1991 U.S. \$3,934.24 Credit Suisse First Boston Limited

U.S. \$150,000,000

First Interstate Bancorp

Floating Rate Notes Due 1994

SWISS FRANC STRAIGHTS ASIAN DEV BANK 6 10 AUSTRIA 4 36 96 CHILITSUYA 7 314 95 COUNCIL EUROPE 4 314 98 EBSK 6 1/2 95

growth and inflation. He said that the airline's financial performance for the year to March 1991 would be below last year's record profit of \$\$2bn (US\$1.13bn). Mr Pillay said SIA would continue with its aim of achieving an average 8 per cent to

it would also pursue a 10-

SIA forecasts a difficult year SINGAPORE Airlines (SIA) faces a difficult year, according to Mr J.Y. Pillay, chairman, Reuter reports from Singa-

"Our belts, already taut, will be tightened another notch," he said in the company news-However, SIA would not

10 per cent annual capacity growth, including cargo, this

3 mon

In 1990, more than 145 clients chose CS First Boston to help them realize their M&A objectives. We assisted these clients in 186 transactions in 13 separate business categories

with an aggregate value of over \$80 billion worldwide. These accomplishments are particularly meaningful in the context of a global business environment that was as demanding as any in recent history.

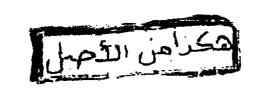
More than ever before, clients in 1990 required ideas and strategies which were both innovative and relevant. These companies sought an investment banking

resource that could deliver from initial concept through final closing. How did we perform? The facts on these pages speak for themselves. These facts not only tell you who is performing today, but who has the experience to perform for you tomorrow.

Whether the M&A assignment is domestic, crossborder or international, CS First Boston's team of 195 professionals will continue to combine ideas with the financing capabilities our clients expect and rely on. That proven combination generates results—and a record like the one on these three pages.

	Description of Transaction Approxim	nate Size of Transaction
Building Products		
Dundee Cement Company, a subsidiary of HOLNAM INC Fidelco Capital Group	Sale of Company to Bessemer Securities Corporation Merger for Cash with Northwestern States Portland Cement Company Divestiture of Modernfold, Inc. to Maiden Lane Associates, Ltd. Sale of Company to Premark International, Inc.	\$195,000,000 42,000,000 Not Disclosed 201,000,000
Chemicals & Allied Products		
Ecolab, Inc. Ethyl Corporation The General Electric Company plc and Siemens AG Hoechst Celanese Corporation Huntington Laboratories, Inc.	Divestiture of PVC Compounding Business to Evode Group plc Joint Venture and Acquisition of Cleaning and Sanitizing Businesses with Henkel KGaA (Pending) Divestiture of Hardwicke Chemical Company to MTM Pic Divestiture of Birkbys Plastics LTD to Marubeni Corporation Sale of 24.8% Interest in Osmonics, Inc. to Osmonics, Inc. Sale of Company to Private Investor Group Divestiture of Polyalphaolefins Business to Ethyl Corporation Divestiture of Plant Protection Operations of The Maag Group to Ciba-Geigy (Pending)	Not Disclosed Not Disclosed \$112,000,000 Not Disclosed Not Disclosed Not Disclosed 48,000,000 Not Disclosed
Consumer Products & Services		
AB Volvo and Procordia AB	Advice to AB Volvo on Merger of Procordia AB, Pharmacia AB, Provender AB, Dealer/Manager for AB Volvo	\$6,200,000,000
The Boots Company PLC Canadian Pacific Hotels Corporation	and Procordia AB in U.S. Offers for Pharmacia AB Divestiture of Ward White U.S. Automotive Group to WSR Acquisition Corporation Acquisition of 80% Interest in MetHotels Inc. of Phoenix from Metropolitan Life Insurance Company of New York (Pending)	Not Disclosed Not Disclosed
Esselte AB Fedders Corporation Kay Jewelers, Inc. Lion Nathan Limited MacAndrews & Forbes Group Inc. Mary Kay Corporation	Proxy Contest for Avon Products, Inc. Merger for Cash with Esselte Business Systems Inc. Acquisition of The Emerson Quiet Kool Unit from Jepson Corporation (Pending) Merger to Preferred Stock with Ratners Group plc Divestiture of Woolworths New Zealand Limited to Dairy Farm International Holdings Limited Divestiture of Crosman Products Inc. to Worldwide Sports & Recreation Inc. (Pending) Advice with Respect to Recapitalization Sale of Company to Chemical Venture Partners and Management	1,919,000,000 215,000,000 56,000,000 451,000,000 165,000,000 Not Disclosed 390,000,000 Not Disclosed
Financial Institutions		
Burton Group, plc Central Co-operative Bank CIS Corporation Citadel Holding Corporation Citadel Holding Corporation Citizens Financial Group, Inc. Comerica Incorporated CS First Boston, Inc. CS Holding C&S/Sovran Financial Corporation Empire Federal Savings of America of Buffalo First Security Corporation	Privatization of Banco Comercial, S.A., Montevideo, Uraguay Divestiture of Burton Group Financial Services, plc to General Electric Capital Corporation Merger for Cash with Somerset Bankshares Inc. (Pending) Divestiture of Canadian Operations to Manufacturer Finance Programs Ltd. Acquisition of Westwood Savings and Loan Association from Resolution Trust Corporation Acquisition of Investment Federal Savings and Loan Association from Resolution Trust Corporation Acquisition of Bank of New England-Old Colony, N.A. from Bank of New England Corporation (Pending) Merger for Stock with Plaza Commerce Bancorp (Pending) Merger for Cash with Jarden Morgan NZ Ltd. (Pending) Acquisition of Clariden Bank from CS First Boston, Inc. Stock Swap Merger with The Citizens and Southern Corporation and Sovran Financial Corporation Sale of Substantially all of the Auto Installment Loan Assets to General Electric Capital Corporation Merger for Cash with Twin Falls Bank & Trust Company Merger for Common Stock with United Savings Bank of Salem, Oregon Divestiture of North American and United Kingdom Retail Foreign Exchange Businesses of	Not Disclosed \$1,138,000,000 38,000,000 18,000,000 Not Disclosed Not Disclosed Not Disclosed 117,000,000 Not Disclosed 239,000,000 4,700,000,000 Not Disclosed Not Disclosed Not Disclosed 33,000,000 12,000,000





Approximate Size of Transaction

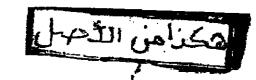
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1990 M&A Results (Continued)

the state of the s		190,000,00
i Roston Client	Description of Transaction	120,000,00 Not Disclose
Согр	Divestiture of West Recognitive El Paso, and Corpus Christi to Private Investor Groups (Pending)	100,000,00
Согр	Acquisition of a Majority Interest in NKF Holding N.V.	Not Disclose
		201,000,00
rwest COTDOTALIOII	Canali Curan Merrier with Peoples Bancorporation (N.C.) and Contain Danier =	Not Disclose 85,000,00
	Merger for Cash with Shadow Lawn Savings Bank Merger for Cash with Shadow Lawn Savings Bank Sale of 5% Equity Interest in Consumer and Commercial Services Groups of Sale of 5% Equity Interest in Consumer Inc. to Missui Bank Ltd.	85,000,00
curity Pacific Corporation	Sale of 5% Equity Interest in Constants and Security Pacific Financial Services Systems, Inc. to Mitsui Bank Ltd.	503,000,00
	A' A' CLARIANISM MISTORY INC	Not Disclose
dety Corporation .	Merger for Common Stock with Husbook N.A. to First of America Bank Corporation Divestiture of Trustcorp Bank Columbus, N.A. to First of America Bank Corporation Divestiture of Trustcorp Bank Columbus, N.A. to First Financial Bancorp	Not Disclose
ciety Corporation		Not Disclose
ciety Corporation	Directions of Trust COTD Bank Humington, N.A. to Fort Wayne Trust COTD	430,000,00
ciety Corporation ited Banks of Colorado, Inc.	Merger for Stock with Norwest Corporation (Pending)	
ood & Beverage	1 A A Alimentaire	Not Disclose
	Divestiture of U.S. Butter Group to Societe de Diffusion Internationale Agro-Alimentaire	Not Disclose
rden Inc.	Joint Venture involving Equity Participants and Official Endere North Additional Limited	\$606,000,0
lbasa-ATO, S.A. on Nathan Limited	Acquisition of 50% Interest in National Brewing Holdings Limited Acquisition of Stakeholding in Orlando-Wyndham Estate Pernod Ricard Australian Wine Group	Not Disclose Not Disclose
ignum Corporation Limited	Divestiture of Texas Dairy Operations to Southern Foods, Inc.	Not Disclos
rningStar Foods, Inc.	Tr'	217,000,0
orningStar Foods, Inc.	Dissertings of Soft Drinks Division to Caddury Schweppes LCC	Not Disclos
rrier S.A.	The state of the same provide and the same a	163,000,0
alaska Corporation	A equisition of Interest in Allied-LVOIS FLA, Incleasing Ownership to 570	Not Disclos
ntory Limited nitman Corporation	Spinoff of Pet Incorporated to Shareholders (Pending)	
		-
lealth Care		\$ 15,000,0
	Divestiture of Hospital Systems International Limited to Arvoly AG	Not Disclos
nerican Medical International, Inc.		271,000,0
nerican Medical International, Inc. nerican Medical International, Inc.		168,000,0
perican Medical International, Inc.	Divestiture of 4 Acute Care Hospitals in Switzerland to Kinda Thistanders 200	22,000,0
nerican Medical International, Inc.		Not Disclo Not Disclo
nerican Medical International, Inc.		Not Disclo
nerican Medical International, Inc.	Divestiture of 2 Psychiatric Hospitals in Massachusetts to American Health Properties, Inc.	NOL DISCIO
nerican Medical International, Inc.	and Westwood-Pembroke Corporation	Not Disclo
. M. Hard Tarameticanal Inc	Divestiture of Doctor's Hospital, Inc., Prince George's County, Wal yland to Doctor's 120-page 120-pag	280,000,
nerican Medical International, Inc. DBE Laboratories, Inc.		3,300,000,
mmittee of Dalkon Shield Claimants	Advisors to Claimants in American Home Products Corporation's Acquisitors	
*	of A.H. Robins Company, Inc. Sale of Magnetic Resonance Imaging Division to Toshiba American Medical Systems, Inc.	Not Disclo
asonics, Inc.	Joint Venture with Merck & Co., Inc.	Not Disclo 139,000,
L du Pont de Nemours and Company	Sale of Company to Medirace PLC	345,000,
ans Healthcare Limited	Provy Contest by Centaur Pariners, L.P.	50,000,
tional Intergroup Inc.	Sale of remaining YIW Interest to Michesson Colporation	3,400,000,
S, Inc. orer Group Inc.	Multi-Step Combination with Rhône-Poulenc S.A.	
		• •
ndustrial & Other		67 600 000
	Cash Tender Offer for Combustion Engineering Inc.	\$1,600,000,
BB Asea Brown Boveri Ltd	Divestiture of Georgia Kaolin Company, Inc. to ECC Group PLC (Pending)	520,000, 120,000,
BB Asea Brown Boveri Ltd	Cosh Tender Offer for ENSR CORDOTATION	Not Disclo
merican NuKEM Corporation	Divestiture of the Assets of AO Safety to Cabot Corporation	Not Discle
nerican Optical Corporation nerican Tape Company	Cala of Company to STC COTOCRION	Not Discle
ustralian Holdings Limited	Acquisition of Mutual Pacific Corporation Limited by Management Divestiture of Gulfstream Aerospace Corporation to Forstmann Little & Co. and Allen E. Paulson	825,000
nrysler Corporation	Divestiture of Guitstream Aerospace Corporation to Forsimann Zitae as documents	Not Discle
C Canadian Investment Capital Limited	Divestiture of Fabrene Inc. to The InterTech Group Inc.	Not Disck
ark Equipment Company	Merger for Cash with Hurth Axle S.p.a. Merger for Cash with Imetal S.A.	180,000
opperweld Corporation	Merger for Common Stock with Danaher Corporation	125,000
sco Hand Tools, Inc.	Divertiture of Doehler-larvis Unit to ICM/DI L.F.	140,000 Not Discle
rley Inc.	Acquisition of Minority Interest from Shareholders	Not Disch
etcher Challenge Limited ord Motor Company	Divestiture of Ford New Holland, Inc. to Flat S.p.A. (Pending)	Not Discl
Itoh & Co. Ltd.	Acquisition of 5% Interest in Klockner-Werke AG and Formation of John Venture Capital Ltd.	70,000
MA Investments, Inc.	Recapitalization of Schuylkill Metals Corporation by Schuylkill Holdings, the and Category Diversiture of Australian and New Zealand Precious Metal Refineries of Deak International Inc.	9,000
rden Morgan Limited	to Johnson Matthey PLC	665
1 0. Ca	Cast Tandan Offen for Forle M. Jorgensen L. Ompany	287,000
elso & Co. obel Hütögénggér Rt	Privatization and sale by Hungarian State Property Agency to Ab Electrolux (Fertung)	Not Discl 846,000
ehel Hütögépgyár Rt Litsubishi Estate Company, Ltd.		238,000
PI Delmonte Fresh Produce BV	Sale of 9 Refrigerated Cargo Vessels to A Consortium of Haisfulid Nycomed Alb, Kvacine 195	الالاولالاب
	and Other Investors Acquisition of 50% Interest in Swissôtel Group from Nestlé S.A.	Not Discl
wiss Air Transport Company Ltd.	A ROYALISMON OF DOOR DESCRIPTION OF THE PROPERTY OF THE PROPER	
nsurance		
	Divestiture of Home Insurance Company to TVH Acquisition Corporation, an affiliate of	\$ 970,000
mBase Corporation	Town Hansa AR Croun (Pending)	
mBase Corporation	Divestiture of Commonwealth Insurance Company to Farrax Financial Floidings Littled	49,000
unerican General Corporation	Provide Contest by Torchmark Corporation	6,369,000 140,000
	Divestiture of Beneficial Standard Life Insurance Company to Conseco, Inc. (Pending)	Not Discl
	Advice with Respect to Recapitalization (Pending) Divestiture of Marquette National Life Insurance Company and Annuity Assets to	66,000
irst Executive Corporation	I MOCHITIP OF MATTER AND THE THE HEALTHCA COMMON AND THE PROPERTY OF THE PROPE	
irst Executive Corporation	Consolidated National Corporation and Kobert L. Shaw	395,000
First Executive Corporation C.H. Corporation	Consolidated National Corporation and Robert 1. Snaw	
Tirst Executive Corporation C.H. Corporation Lincoln National Corporation	Consolidated National Corporation and Robert 1. Snaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation	Not Discl
irst Executive Corporation C.H. Corporation incoln National Corporation Aetropolitan Life Insurance Company	Consolidated National Corporation and Robert 1. Snaw	Not Discl
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irst Executive Corporation C.H. Corporation incoln National Corporation Aetropolitan Life Insurance Company The Seibels Bruce Group, Inc.	Consolidated National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd.	Not Discl 35,000
irst Executive Corporation C.H. Corporation incoln National Corporation fetropolitan Life Insurance Company he Seibels Bruce Group, Inc. Media & Entertainment BMA Corporation	Consolidated National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd. Divestiture of KDVP, TV (Depuer Colorado) to Chase Communications, Inc.	Not Discl 35,000 \$ 12,000
irst Executive Corporation C.H. Corporation incoln National Corporation fetropolitan Life Insurance Company he Seibels Bruce Group, Inc. Media & Entertainment SMA Corporation Esselte AB	Consolidated National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd. Divestiture of KDVR-TV (Denver, Colorado) to Chase Communications, Inc. Divestiture of Publishing Activities to Liber, a Unit of Procordia AB, et al. Divestiture of Printing Activities to a Management Buyout Group	Not Discl 35,000 \$ 12,000 130,000
inst Executive Corporation C.H. Corporation Lincoln National Corporation Metropolitan Life Insurance Company The Seibels Bruce Group, Inc. Media & Entertainment BMA Corporation Esselte AB Esselte AB	Consolidated National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd. Divestiture of KDVR-TV (Denver, Colorado) to Chase Communications, Inc. Divestiture of Publishing Activities to Liber, a Unit of Procordia AB, et al. Divestiture of Printing Activities to a Management Buyout Group Divestiture of Esselte Bokhandel to Konsumentforeningen Stockholm	\$ 12,000 130,000 11,000 26,000
First Executive Corporation C.H. Corporation Lincoln National Corporation Metropolitan Life Insurance Company The Seibels Bruce Group, Inc. Media & Entertainment BMA Corporation Esselte AB Esselte AB Esselte AB	Consolidated National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd. Divestiture of KDVR-TV (Denver, Colorado) to Chase Communications, Inc. Divestiture of Publishing Activities to Liber, a Unit of Procordia AB, et al. Divestiture of Printing Activities to a Management Buyout Group Divestiture of Esselte Bokhandel to Konsumentforeningen Stockholm	\$ 12,000 130,000 11,000 26,000 400,000
Cirst Executive Corporation C.C.H. Corporation Lincoln National Corporation Metropolitan Life Insurance Company The Seibels Bruce Group, Inc. Media & Entertainment BMA Corporation Esselte AB Esselte AB Esselte AB GP Group Inc.	Divestiture of National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd. Divestiture of KDVR-TV (Denver, Colorado) to Chase Communications, Inc. Divestiture of Publishing Activities to Liber, a Unit of Procordia AB, et al. Divestiture of Printing Activities to a Management Buyout Group Divestiture of Esselte Bokhandel to Konsumentforeningen Stockholm Acquisition of The Star from The News Corporation Limited Divestiture of Paddia and 2 Television Stations to Chase Communications, Inc.	\$ 12,000 130,000 11,000 26,000 400,000 120,000
Calfed Inc. First Executive Corporation LC.H. Corporation Lincoln National Corporation Metropolitan Life Insurance Company The Seibels Bruce Group, Inc. Media & Entertainment BMA Corporation Esselte AB Esselte AB Esselte AB GP Group Inc. Outlet Communications, Inc. Scripps Howard Broadcasting Company, a subsidiary of The E.W. Scripps Company	Consolidated National Corporation and Robert 1. Shaw Divestiture of National Reinsurance Corporation to The Robert M. Bass Group Inc. Divestiture of Metropolitan Reinsurance Company to Skandia America Corporation Divestiture of Gay & Taylor, Inc. to European International Reinsurance Co., Ltd. Divestiture of KDVR-TV (Denver, Colorado) to Chase Communications, Inc. Divestiture of Publishing Activities to Liber, a Unit of Procordia AB, et al. Divestiture of Printing Activities to a Management Buyout Group Divestiture of Esselte Bokhandel to Konsumentforeningen Stockholm	\$ 12,000 130,000 11,000 26,000 400,000



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> Singapore Airlines Ltd. UAL Corporation

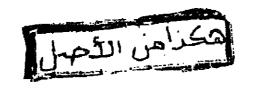
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ČS First Boston Client	Description of Transaction	<u>Size of Transaction</u> 75,000,000
TVX Broadcast Group Inc.	Sale of Company to Paramount Communications Inc. (Pending)	240,000,000
WestMarc Communications, Inc.	Merger for Cash and Securities with Tele-Communications, Inc. Merger for Cash and Securities with Tele-Communications, Inc. Acquisition of J. B. Lippincott Company from The News Corporation Limited	250,000,000
Wolters Kluwer nv	Acquisition or j. to Expanded Conf.	
Natural Resources		100,000,000
Asahi Glass Co., Ltd.	Formation of Tenneco Soda Ash Joint Venture with Tenneco Minerals Co., a unit of Tenneco Inc.	Not Disclosed
Ashland Oil, Inc.	Discription of Regird Inclusives, Inc. to Inflity Industries, Inc.	550,000,000
Baker Hughes Incorporated	A aquicition of Fastman Christensen Irom Nonon Company	Not Disclosed
Baker Hughes Incorporated	Acquisition of Tracor Instruments Group from Tracor, Inc. Acquisition of Tracor Instruments Group to OV Tampella AB	Not Disclosed
Baker Hughes Incorporated	Divestiture of Mining Equipment Group to OY Tampella AB Divestiture of CSX Energy Corporation to Enron Gas Processing Company,	Not Disclosed
CSX Corporation	a subsidiary of Enron Corporation	630,000,000
Simulfied Francis Inc	and C. Communication of the Co	485,000,000
Diversified Energies Inc. Elders IXL Limited	Sale of 53% Interest in Elders Resources NZP1 to Caract Flore 1 and 1	253,000,000
Freeport McMoran Oil & Gas Company	Sale of 18.5% Interest to Freeport McMoran Inc.	Not Disclosed
imperial Oil Limited	This was at Campin Accels of the Accels of t	Not Disclosed 43,000,000
mperial Oil Limited	Trimentario of Contain (ii) and tak Properties to various a managera	99,000,000
mperial Oil Limited mperial Oil Limited	The street of Company City and Cast Properties to UNIV (Callada) Live	45,000,000
mperial Oil Limited		21,000,000
mperial Oil Limited	Divestiture of Certain Oil and Gas Properties to Chevron Canada Resources Limited Divestiture of Certain Oil and Gas Properties to Lasmo Canada Inc. (Pending)	55,000,000
mperial Oil Limited	- O L. Highland Canifol Inc	616,000,000 Not Disclosed
Longview Fibre	Diversiture of Substantially all its Oil and Gas Troperiors to various 1 at all and the substantially all its Oil and Gas Troperiors to various 1 at all and the substantially all its Oil and Gas Troperiors to various 1 at all and the substantially all its Oil and Gas Troperiors to various 1 at all and the substantially all its Oil and Gas Troperiors to various 1 at all a all and Gas Troperiors to various 1 at all and Gas Troperiors 1 at all a all and Gas Troperiors 1 at all a all and Gas Troperiors 1 at all a all	56,000,000
Mission Resource Partners, L.P.	Cash Tender Offer for Permian Partners, L.P.	675,000,000
National Intergroup Inc. The Southland Corporation	Cash Tender Offer for Permian Partners, L.F. Sale of Remaining 50% Interest in CITGO Petroleum Corporation to Petroleos de Venezuela, S.A. Divestiture of Substantially all U.S. Oil and Natural Gas Reserves to Sonat, Inc. (Pending)	150,000,000
Sunshine Mining Company		95,000,000
Svenska Cellulosa Aktiebolaget SCA	Acquisition of 5% Interest in Ferdindenic Nobel Acquisition of 5% Interest in Ferdindenic Nobel Divestiture of Certain Oil and Gas Properties and Related Assets to Bridge Oil, Ltd.	159,000,000
Texas Oil and Gas Corporation,		193,000,000
a subsidiary of USX Corporation	Divestiture of Certain Oil and Gas Properties and Related Assets to Sonat, Inc.,	100,000,000
Texas Oil and Gas Corporation, a subsidiary of USX Corporation	together with Arco Oil and Gas Company a unit of Administration Company	Not Disclosed
Triton Europe plc	Divestiture of Dutch Offshore Assets to Clyde Petroleum Divestiture of Selected UK Offshore Assets to Conoco, Inc., a unit of E. I. du Pont de Nemours and Company	61,000,000
Triton Europe plc	Proxy Contest by Carl Icahn	9,367,000,000
USX Corporation	Proxy Collest by Carricani	
Technology		
Technology	Acquisition of Precision Monolithics Inc. for Cash and Warrants	\$ 61,000,000 100,000,000
Analog Devices, Inc.		27,000,000
Bicoastal Corporation	Cash Tender Offer for International Color Management LC (1 chang)	Not Disclosed
Brauerei Eichhof	A activision of Applied Color Systems IIIC	Not Disclosed
Brauerei Eichhof	This strike the Afficiated Image Systems to Author Corp	Not Disclose
Ciba-Geigy Ciba-Geigy	Disperience of Circles (4000) (O CICLES MAILERCHICIE	120,000,00
Cipher Data Products, Inc.	Sale of Company to Archive Corporation Acquisition of Convergent Dealership Group from Unisys Corporation Acquisition of Convergent Dealership Group from Unisys Corporation	Not Disclose Not Disclose
Coin Systems		176,000,00
Control Data Corporation	Divestiture of U.S. Operations of Third Party Manhattanee State Company (Pending) Divestiture of Aircraft & Electronics Units to the B. F. Goodrich Company (Pending) Divestiture of Aircraft & Electronics Units to the B. F. Goodrich Company (Pending)	50,000,00
Hercules Incorporated	Divestiture of Interest in Additive Products business to 18820 2111 and 1	111,000,00
Kollmorgen Corporation	Proxy Contest by Vernitron Corporation Proxy Contest by Vernitron Corporation Divestiture of Certain Assets of New Britain Machine to DeVlieg-Bullard, Inc.	Not Disclose
Kollmorgen Corporation Litton Industries, Inc.	Divestiture of Certain Assets of New Britain Machine to Portain Corporation	Not Disclose
Litton Industries, Inc.	Divestiture of Potentiometer Division to Vinternational Business Machines Corporation Divestiture of CADAM, Inc. to International Business Machines Corporation	Not Disclose 64,000,00
Lockheed Corporation	Divestiture of Metier to Lucas Engineering and Systems, Ltd.	2,188,000,00
Lockheed Corporation	Provy Contest by NL Industries	65,000,00
Lockheed Corporation		1,497,000,00
Lotus Development Corporation	Sale of Company to DR Holdings Inc., a substitute your Friends (Pending)	Not Disclose
Prime Computer, Inc. Schrack Group	Sale of Company to DR Holdings Inc., a substitute of Sale of an 83% Interest to Creditanstalt Bankverein and Ericsson (Pending) Sale of an 83% Interest to Creditanstalt Bankverein and Ericsson (Pending) Joint Venture with The First Boston Corporation and International Business Machines Corporation Joint Venture in ICL Ltd to Equippy Ltd	Not Disclose
Seer Technologies, Inc.	Divestiture of 80% Interest in ICL Ltd. to Fujitsu Ltd. Divestiture of 80% Interest in ICL Ltd. to Fujitsu Ltd.	1,300,000,00 Not Disclose
STC PLC		Not Disclose
TRW Inc.		Not Disclose
Varian Associates Inc.	Divestiture of Several Non-Core Control of Solid State Operations to Litton Industries, Inc. (Pending) Divestiture of Solid State Operations to Litton Industries, Inc. (Pending)	Not Disclose
Varian Associates Inc.	The street of Dadio Richiletica Sillipasicilis (O Signal Touries 2)	268,000,00
Varian Associates Inc. Wyse Technology Inc.	Sale of Company to Channel International Corporation	
Telecommunications & Utiliti	es	
	Sale of Telecom Corporation of New Zealand Limited to American Information Technologies Corporation	\$2,440,000,00
Her Majesty the Queen in Right of New Zealand	and Bell Atlantic Corporation	992,000,00
	Merger for Cash and/or Stock with Kansas Gas & Electric Computity (1 change)	Not Disclose
The Kansas Power & Light Company Pacific Telesis Group		1,820,000,00 34,000,00
Pinnacle West Capital Corporation		2,370,000,00
W 41 A Comparat LOTTEN COLUM	Acquisition of up to a 45% little with Northeast Utilities (Pending) Merger for Cash and Securities with Northeast Utilities (Pending) Merger for Cash and Securities for Diego Cash & Flectric Company (Pending)	2,397,000,00
Public Service Company of New Hampsine	Merger for Cash and Securities with Northeast Offices (Fertaing) Merger for Common Stock with San Diego Gas & Electric Company (Pending)	
SCEcorp		_
Transportation	The Companies of 67 60% Interest	\$ 288,000,0
	Acquisition along with Japan Air Lines and Nissho Iwai Corporation, of 57.5% Interest in DHL Worldwide Express, 12.5% to be acquired initially with an option to acquire a total of	
Deutsche Lufthansa AG	in DHL worldwide Express, 125% to be add-	550,000,0
	Acquisition along with Cielos del Sur of 53% Interest in Actomical 128	185,000,0
Iberia Airlines		4,568,000,0
Singapore Airlines Ltd.	Sale of 3% Interest to Delta Affilies, Inc. Representation of UAL Corporation's Board of Directors	

Representation of UAL Corporation's Board of Directors

First Ideas, Then Results.





to fall steeply

boost the number of sharehold

ers to become eligible for list-

listed on the second section of

the Tokyo Stock Exchange,

nlans to offer new shares pub-

licly in January to list on the first section. Seibu Electric and

Machinery, a company listed on the Fukuoka Stock

Exchange, is waiting to offer new shares in February.

existing shareholders totalled

33 cases for a total of Y242.3bn,

compared with 36 cases for

Listed Japanese companies raised about Y10,370bn through

equity-linked financing at

home and abroad in 1990, sharply down from just less

than Y25,000bn in 1989, accord-

ing to Nomura Securities.
The amount includes war-

rant bond issues worth

Y3,820bn and convertible bonds

ing, including new share issues, totalled Y2,910bn.

1989. Ferri's other leading shareholders are insurer Union

des Assurances de Paris with 5

per cent and the Caisse des Depôts and Consignations with

Ferri, one of the Paris bourse's few remaining inde-

pendent brokers, yesterday

said staff numbers would be

in if the KLSE composite index

dropped by 20 per cent from the 500 point level. The index

PNB runs the country's larg-

cut to 190 from 216.

stands at about 495.

companies.

Y672.9bn in fiscal year 1989.

Allocations of new shares to

Mitsui High-tec, currently

By Emiko Terazono in Tokyo

PUBLIC share offerings by

Japanese corporations are expected to fall steeply in the

fiscal year ending March 1991. So far 13 offerings totalling

Y111.2bn have been made or

are planned for the year. This

contrasts with 164 issues worth

There is no concrete time-table for public share offerings

for general companies to resume. An official at Daiwa

ent market conditions, an addi-tional load of stock cannot be

Last April, securities houses

suspended equity financing through public offerings, con-vertible bonds and warrants on

concerns over the effects on

the depressed equity market. While the financing by war-

rants and convertible bonds resumed in July, public share offerings remained suspended

due to the direct impact on

Exceptions were made for companies which needed to

SHAREHOLDERS in Ferri, the

French stockbroker, are study-ing ways of reinforcing the bro-

kerage's finances, Reuter

reports from Paris. Crédit Foncier de France,

which has 15 per cent of Ferri, said there was no direct link between the move and the fore-

1990 gross profits would fall to between FFr5m and FFr10m

MALAYSIA'S National Equity

Corp (PNB) has set aside about

M\$1bn to shore up some of the

companies in which it has an investment should the Kuala

Lumpur Stock Exchange

(KLSE) crash as a result of a

Gulf war, Reuter reports from

Mr Khalid Ibrahim, PNB

chief executive, said the state investment house would step

Kuala Lumpur.

French broker seeks to

strengthen its finances

Move to buoy KLSE in case of war

Y4,589bn made in 1989.

Adm

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Taiwan. Tai matic ties last year es

Brussel U.S.A. 7

Ralti lics powe Simon London finds that stormy times make top credit ratings increasingly essential to raising finance

ompanies have always covenants to investing in paper had something of an uneasy, interdependent relationship with credit rating

The agencies have always lived off the supply of companies willing to pay to be rated. But, increasingly, companies need ratings agencies if they

want access to capital. One of the financial buzzwords of the 1980s was "disintermediation", where the role of banks in providing funds for corporate borrowers has be increasingly assumed by the securities markets.

This left companies more reliant on selling paper directly to investors. According figures from Salomon Brothers, only about 25 per cent of US non-financial companies' debt comes directly from banks, the rest being raised in the capital markets. In some areas of the capital markets, an acceptable credit

rating has long been a prerequisite of borrowing. For example, investors in the IIS domestic bond market have always relied on ratings to judge the credit quality of bonds. Commercial paper issued in the US has to carry a credit rating, or have a rated guarantor, under Securities and Exchange Commission reg-

Other markets are following this lead. For example, institutional investors now dominate the Eurobond market and

above a certain rating. The same is true of short-term markets. For example, as time has passed, a growing proportion of outstanding Euro-commercial paper has been rated: now an estimated 95 per cent of paper in this market is rated.

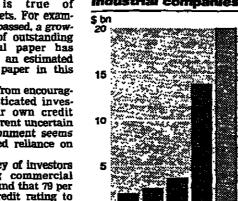
Moreover, far from encouraging even sophisticated investors to do their own credit research, the current uncertain economic environment seems to have increased reliance on credit ratings.

A recent survey of investors in the sterling commercial paper market found that 79 per cent hold the credit rating to be the most important factor governing the decision whether to invest. Only 31 per cent said that they would buy commercial paper on the basis of name recognition, compared with 71 per cent three years

Even in the US the influence of credit ratings is expanding. New proposals from the SEC will limit the investments of US money market funds in corporate paper according to the ratings given by the leading

The funds will not be able to invest more than 5 per cent of their assets in paper with less than a top-grade rating. Some companies fear that to have such restrictions imposed by the SEC itself is to concentrate

Debt in default by US industrial companies



The reason for the new regulations is that the SEC. like investors in the markets, has been unnerved by the number of sudden and public defaults over the two years. The com-mercial paper defaults of Inte-grated Resources and Mortgage Realty Trust are oft-cited

1987 88 89 90 91 ex

Overall, corporate bond defaults are running at record levels, with \$14bn of US bonds going into default last year. This is way above the \$4hn of paper which went into default in 1989. Standard & Poor's, one of the top US rating agencies, forecasts that defaults could

The net effect is that investors are increasingly discriminating between higher and lower-rated paper. According to figures from Salomon Brothers, the yield spread between Baa corporate bonds and triple-A rated bonds rose

by 35 basis points last year. If the recession gets deeper some fear a market in which companies with anything less than an impeccable credit rat-ing will be blocked out of the

Whether because of disinter-

mediation, regulatory intervention or changed investor behaviour, an acceptable credit rating is becoming more neces-sary for those raising capital. Just as there has been a shift in the balance of power between lenders and borrow-ers, so there has been a shift in the balance of power between the rating agencies and the company sector. Reliance on ratings has grown and the cost to a company of being downgraded has increased.
The pre-eminence of credit

ratings is not a problem as long as companies, regulators and investors have faith in those ratings.

However, credit ratings are only a matter of judgment, not Resources held an unchanged A-2 rating from Standard & Poor's when it first announced that its lenders would not extend new lines of credit -

NEW INTERNATIONAL BOND ISSUES

Another problem is how to account for anomalies in ratings given by different agen-

Sometimes the anomalies are simply a question of a time lag, where one agency reacts faster than another. But equally often the difference in ratings reflects a difference in the assessment of a company's complex business.

For example, when Standard & Poor's lowered its rating of Citicorp's debt last year to AA. Moody's Investors Service maintained its rating a full notch higher. Meanwhile another agency, Duff & Phelps, had held Citicorp at the lower

rating since 1983. Rating agencies are operating in a more complex financial environment than even 10 years ago. Many companies are more difficult to rate in this recession than in the last.

The takeover boom of the late 1980s caused the leading rating agencies to set up a nev category of rating, which attempts to assess the "event risk protection" afforded by the covenants of certain bond

The rise of complex derivative financial instruments has complicated and clouded the task of rating the credit-worthiness of some financial institu-

For example, banks will often raise funds by acting as issuer for one-off structured or "tailored" financial instru-ments, designed by an intermediary for a small group of investors. Although these instruments are not rated, they represent a cumulative contingent liability which the rating agency must somehow assess Similarly, complex financial

structures such as variable rate notes or mortgage backed securities require extensive investigation — and expensive legal consultation — before a rating can be given. The bill is paid by the company issuing the bonds or the financial institution which devised the structure, but it is up to the agency to boil all the fine print down

to a single rating.

The agencies have also had to assess the impact of changing relationships between banks and borrowers and the evolution of new styles of lend-

¬ he last six months has seen something of a sea change in the attitude of banks to corporate lending. Anxious to cut loan losse banks have been pulling back from uncommitted loss agreements at crucial moments and declining to participate in refi-nancing and restructuring plans. Companies which were secure six months ago now look vulnerable.

In the light of the collapse of Polly Peck and other compa nies, one rating agency recently ordered a review of all its corporate clients' banking facilities to assess their "reli-

which made default on \$150m too much power in the hands hit a staggering \$20bn this many are restricted by internal of bonds likely – in June 1989. UBS strengthens protection against Gulf war for underwriters

By Tracy Corrigan

UNION Bank of Switzerland added a specific reference to the Middle East in the documentation of a new issue launched in the Swiss bond market yesterday, to tighten legal protection for underwrit-

INTERNATIONAL BONDS

ers in the event of war in the

est unit trust, the National Unit Trust (ASN), which has investments worth about The reference was added to the standard "force majeure" M\$12bn on the KLSE. The ASN clause in the documentation of portfolio comprises investa SFr50m private placement for the Japanese company Tokyo ments in about 60 KLSR listed Tatemono, This clause, in UBS

documentation, typically refers to political, economic or mone-tary crisis in Switzerland, the borrower's country or elsewhere. At the end of this definition, arranger UBS added the words "in particular the Middle East". According to an offi-clal at UBS, the addition was made as an "extra precaution" to ensure the issue could be

Many underwriters believe that existing "force majeure" clauses are adequate, but because the wording of most clauses is general rather than specific, there has been some uncertainty about the level of protection provided. The issue

British Funds. Corporations, Dominion and Foreign Bonds. Industrials

BOTTOWER SWISS FRANCS Tokyo Tatemono Co.(a)★★◆
ENSHU Ltd(a)★★◆ YEN Orix Corp(a)◆ US DOLLARS
Dynaworld Bk & Tst.(b) cancelled quickly should war break out.

> was discussed at a meeting of the legal committee of the International Primary Markets Association last month, but no formal position was agreed. The Tokyo Tatemono deal, launched yesterday by UBS,

70 101/2 93,725 1996 13/1 Yamaichi int. will be signed on January 16. The "force majeure" protection expires on the closing date,

January 23, when the issue goes from the primary to the

secondary market. By this

stage, all the paper would nor-

the session as some locals on the

Futures Exchange took short pos

tions ahead of any Gulf war. This was a contrast with the cash mar-ket, where marketmakers are

As the market moved lower, nstitutional investors continued

7 13 16 15 4 65 15 75 9 7 85 13 5 4 6 155 155 20

8 15 17 4 65 10 3 9 12 9 11 15

mally be sold, so underwriters would no longer be exposed.

However, with investors adopting a cantious stance, underwriters are likely to be more than usually careful to

participate only in deals which

1%/14 Daiwa Europe

they are confident can be placed within the primary period.

Elsewhere, new issue activity slowed, as many bankers are advising borrowers at least to await the outcome of the meeting between Mr James Baker and Mr Tariq Aziz in Geneva today. Unilever is arranging a mul-

ti-currency commercial paper programme, with six international banks as dealers. There is no limit on the size of the programme, which was launched by Umlever Sverige, the company's Swedish opera-tion. Funds, for general financing purposes, will be raised in guilders and dollars.

The FT-SE options traded 14,064 contracts, with puts accounting for two-thirds of turn-

over. The January 2000 puts were

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

9 The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the institute of Actuaries and the Faculty of Actuaries													
	EQUITY GROUPS	Tuesday January 8 1991						Mon Jan 7	Fri Jam 4	Thu Jan 3	Year ago (approx		
	& SUB-SECTIONS			Est.	Gross	Est.	<u> </u>						
Fig	ures in parentheses show number of stocks per section	Index No.	Day's Change %	Earnings Yield% (Max.)	Div. Yleid% (Act at (25%)	P/E Ratio (Net)	ad adj. 1991 to date	Index No.	index No.	ladex No.	Index No.		
	CAPITAL GOODS (188)	700.97	-0.6	15.15	6.79	8.05	0.00	705.45	709.96	707.77	955.48		
2	Building Materials (25)	958.54	-0.B	15.02	6.37	8.20	0.00	966.29	969.60		1173.32		
킑	Contracting, Construction (31)	1087.38	-12	16.93	7.23	7.68	0.00	1100-19		1117.59			
2	Electricals (10)	1500 04	-0.3 -0.2	14.%	7.10	8.18	0.00		1902.98 1520.59				
2	Electronics (26)	304 04	-0.2 -0.3	10.61 17.00	5,70 6,18	12.56 7.05	0.00 0.00	1511_23 396.05	397.24	1508.26 395.75			
귀	Engineering-Aerospace (8) Engineering-General (47) Metals and Metal Forming (8)	359.75	-0.3	16.24	7.13	7.43	0.00	360.91	362.72	362 30			
á	Metals and Metal Forming (8)	395.35	-0.7	23.11	8.71	5.34	0.00	398.25		399.06			
9	Maters (1.3)	280.63	-L.2	17.78	8.57	6.55	0.00	284.06	288.40	289.58	401.3		
10	Motors (13) Other Industrial Materials (20)	1197.55	-0.8	14.03	6.78	8.24	0.00	1206.83		1218.92	1753.0		
	CONSUMER GROUP (181)		-0.4	10.15	4,31	12.23	0.00	1213.90					
22(Brewers and Distillers (22)	1577.83	-0.1	10.32	3,94	11.93	0.00		1591_30				
	Food Manufacturing (20)		-0.4	11.21	4.82	31.00	0.00						
縎	Food Retailing (16)	22//,00	-0.4 -0.8	9.90	3.30	13.19 16.25	0.00	2285,98		2266.45			
žάl	Health and Household (20) Hotels and Leisure (22)	1172 27	-0.8 -1.2	7.30 11.88	3.09 5.80	9.93	0.00	2488,96	24%.85 1204.52				
นกเ	Media (25)	7207 61	-0.4	12.39	5.63	10.16	0.00				0.0		
31I	Packaging & Paper (11)	512 77	-0.9	10.35	6.70	11.86	0.00	517.40		517.30	587.2		
34	Stores (34) Textiles (11)	781.95	+0.3	10.91	4.67	11.94	0.00	779.37		774.49	835.1		
35	Textiles (11)	406.29	+0.1	14.29	8.65	8.98	0.00	405.73	406.15	404.10	546.3		
40	OTHER GROUPS (111)	982.87	-0.5	13.03	6.08	9.28	0.00	987.71	997.35	990.20	1224.8		
쑀	Business Services (1.2)	990.75	-0.6	12.64	5.44	9.42	0.00	996.35	1001.87	999.40	0.0		
껆	Conglomerates (11). Transport (15) Electricity (12)	1027.40	-1.0	13.71	6.89	8.61	0.00		1036.70	1024.13			
المة	Transmost (15)	19E0 47	-0.7 -0.4	14.13 13.94	8.34 5.47	8.41 8.86	0.00	1230.94	1239.12 1887.62	1232.99 1875.33			
45	Electricity (12)	996 33	+0.1	12.38	7.07	9.75	0.00		1000.79	997.70	0.0		
40	relephone Nectorists)	TTT-0.301	-0.1	11.95	4.52	10.88	0.00		1143.55		1249.2		
47]	Water(10)	2184.90	-0.4	14.34	6.41	7.87	0.00	2193,18	2192.83	2184.42			
481	Miscellaneous (26)	1535.581	8.0-	12.41	5.95	9.38	0.00	1547,48	1566.10	1552.91	1977.3		
49	INDUSTRIAL GROUP (480)	1015.04	-0.5	12.09	5,38	10.13	0.00	1019,89	1026.49	1021.52	1230.4		
	0il & Gas (20)		-0.7	9.93	5.66	13.14	0.00	2267.04	2249.48	2271.99	2407.4		
<u>59</u>	500 SHARE INDEX (500)	1116.84	-0.5	11.77	5.42	10.49	0.00		1127.40				
62)	FINANCIAL GROUP (98)	680 20	-1.2	-	6.91		0.00	697.84	706.06	700.55	862.3		
62	Banks (9) Insurance (Life) (7)	728.82	-14	22.09	7.94	5.93	0.00	739.17	754.40	743.56	901.0		
65	Insurance (Life) (7)	1243.13	-1.3	-	6,18	= -	0.00	1259.94	1250.45				
ీ	Insurance (Composite) (6)	594.46	-1.2	- 1	7.19	- [0.00	601.95	609.52	602.65	723.77		
껆	Insurance (Brokers) (8) Merchant Banks (7)	486.73	-0.7	7.46	6.53	17.55	0.00	993.19	994.30	996.79	1170.2		
69	Property (41)	911 50	-13 -11	5.61	5.91	23.78	0.00	352.16	352.90	352.B0	500.10		
ᆐ	Other Financial (20)	248 14	-0.8	7.29 11.00	5.05 7.29	18.64 11.48	0.00	943.51 250.14	956.14 250.19		1236.29		
ヵ	Investment Trusts (69)	973.69	-0.7	11.00	4.18	11.40	0.00			251.10	350.5		
혉	ALL-SHARE INDEX (667)	1011 30	-0.7					980.46	967,68	986.61			
-1		-	-		5.59			1017.62		1019.78			
	FT-SE 100 SHARE INDEX4	Jadex No.	Day's Change -13.4	Day's High (a) 2103.5	Day's Low (b)	Jan 7	Jan 4 2126.1	Jan 3	Jas 2	Dec 31	Year		

KI7	ED I	NTE	REST	r			Average grüss Redemption yields	Tue Jan 8	Mon Jan 7	Year ago (approx
PRICE INDICES	Tue Jan 8	Day's change %		Accrued Interest		1 2	British Government Low 5 years Coupons 15 years	9.99 10.04	10.03 10.04	10.2 9.7
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2 5-15 years (32) 3 Over 15 years (8)	128.65	+0.10	128.52 135.65	2.52 2.22	0.00	8	(8%-101,%) 25 years	10.26 10.96 10.62	10.25 11.01 10.61	9 9 11,4 10,4
4 Irredeemables (6) 5 All stocks (74)	149.06	+0.21	148.74 127.80		0.00 0.00	10	(11%-) 25 years	10.43 10.27	10.40 10.29	10.0 9.7
Index-Linked 6 Up to 5 years (2)	157.72	+0.16	157, 47	0.79	0.00	11	Index-Linker Inflation rate 5% Up to Syrs Inflation rate 5% Over 5 yrs	3.99 4,16	4.06 4.15	3,8 3.6
7 Over 5 years (10) 8 All stocks (12)	144,31	-0.14	144.51 145.36	0.80	0.00	14	Inflation rate 10% Up to 5 yrs. Inflation rate 10% Over 5 yrs. Debs & 5 years.	2.70 3.99	2.77 3.98	2,9 3.4
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LONDON TRADED OPTIONS Many larger funds remain wary of UK equities, although there is also concern not to miss out on LONDON derivatives had a busier Traded options also saw a session as the approach of the deadline for possible military con-flict in the Guif tempted some pick-up in activity as one broker executed a number of bearish investors to hedge against any udden move in UK equities. The March FT-SE 100 index possible floor by some brokers for March FT-SE is 2,050, about 90 by almost 50 per cent and was divided evenly between calls and

an initial steep decline if war The March contract closed above its lows after a late squeeze and as US shares edged higher. March finished at 2,138, down 8 points on the day.

March's premium to the cash index finished at 38 points,

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the most active, as 1,527 contracts changed hands. Among the stock options, the oil pitch was boosted by active dealing in BP, particularly the January 330 calls and puts. A total of 3,014 lots were traded, Elent to 3m shares. Jan Apr 658 30 54 700 *7 2*7

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Stratagem steps in with

£6m offer for Touchstone By David Owen

ANUARY

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TOWNERS COMME

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Ly Page 22 12:

STRATAGEM, the investment company, yesterday launched a hostile all-share offer for Touchstone just a day after the computer services group announced it was in preliminary merger discussions with Ferrari Holdings. The bid values Touchstone,

which in its former identity as MBS was IBM's largest European distributor of personal computers, at about \$5.6m.

In yesterday's trading Strat-agem said that it had purthe application of the control of th chased 7.4 per cent of Touch-stone's ordinary shares and raised its holding of the group's convertible unsecured loan stock to 21.3 per cent.

The group has additionally received irrevocable undertak-ings from holders of 9.8 per cent of Touchstone ordinary shares, while holders of 23.6

SANDERSON Electronics, the

computing services group, is to apply for a Stock Exchange

listing in a move prompted by

disappointment at the recent performance of its USM-quoted

The shares, which began 1990 at 298p, have since slid

steadily, closing yesterday at 120p. Last month, the Sheffield-based group, which has a 49 per cent stake in General Auto-

mation, the US minicomputer company, reported annual pre-

tax profits up 10 per cent

per cent of the shares have \$9.81m - rejected the offer, indicated their acceptance "in stating that "this unsolicited the absence of unforeseen circumstances."

Under the proposed deal, shareholders would receive one Stratagem share for every 32 Touchstone held, and 21 shares per £100 nominal of the loan

Stratagem shares fell 10p yesterday to 135p, while Touchstone closed up %p at 4%p.
If successful, Stratagem said

that it would "reduce central overheads, put a stop to any further costly acquisitions and inject a sense of reality more in keeping with the modest size and present profitability' of the group.

Touchstone - which last

October reported an interim loss of £66,000 on turnover of

main market to boost shares

takeover bid has no commer cial or financial merit."

"There is no common sense behind the transaction," said Mr David Ewart, Touchstone's recently appointed chairman. He described the commercial case for an association between Ferrari - whose shares fell 2n to 9p yesterday - and Touchstone as "very strong indeed." Mr Bernard Kerrison, Stratagem's chief executive, is no

stranger to Touchstone. KFC, an investment boutique part-owned by him was the group's joint financial adviser for a six month period ending last June. "We have acted for their major investors in negotiations with the company about its future." he said

Sanderson Elect seeks move to

at £3.3m (£3m). Appouncing the decision at sterday's annual meeting. Mr Paul Thompson, chairman said the share price fall appears to reflect market sentiment towards the computer industry as a whole, rather

than any particular misgivings about Sanderson itself". "The Unlisted Securities Market appears to have lost its ability to attract investors." Mr Thompson said. "The board hopes that a graduation to the senior market would enhance

the status of the company's shares and provide a platform upon which to build a recovery of the share price."

The improvement in the

group's profits was attributed to tight cost controls and management discipline in the face of tough trading conditions. The group opted not to recommend a final dividend, but said that it would instead pay a first interim of 5.4p for 1990-91 on February 11, the date on which a final would

National Grid in line with forecasts

By Juliet Sychrava

By David Owen

THE NATIONAL Grid or 8.7p per share. Full year pre-tax profits are expected to be operates the national electric-ity network, announced a current cost basis, with a full interim profits and dividends in line with forecasts outlined in the electricity flotation pathfinder prospectus.

Current cost pre-tax profits were £126.8m for the half year to September 30, and the total dividend payment was £34.8m,

year dividend payment of £104.5m.

Turnover for the company, which is owned by the 12 regional electricity companies, was £562.3m. Net interest took £42.8m and the tax charge was

More than 80 per cent of NGC income comes from charges to grid users, which are calculated on an annual basis and then spread over the year in even monthly pay-ments. The remaining income is earned by the company's two pumped storage power sta-tions, and ancillary services relating to managing the grid and pool system.

fails to organise profits in

Wiltshire

a brewery

By Clay Harris OLD GRUMBLE lived up to its

name last summer, as drinkers discovered what ale brewed by an accountant tasted like. Wiltshire Brewery, whose other beers include Stonehenge and Old Devil, said yesterday it would report a loss for the year to September 30, in part because it did not have a head brewer during peak months, and beer sales suf-

fered accordingly, Mr Grabam Axford, chair-man, said the company's financial controller, a chemical engineering graduate as well as an accountant, had to step in to supervise brewing.
"We had volume problems
and to a lesser extent quality

problems," Mr Axford s

The grumbling spread to the USM where Wiltshire shares fell by 18p to 38p. They were placed at 70p last February. Wiltshire also announced an asset swap with County Inns, a Business Expansion Scheme company in which it has an 11 per cent interest. The deal leaves each with a brewery and a concentrated estate of

public houses. Mr Axford is chairman of both companies. Afterwards, Wiltshire will comprise a brewery at Tisbury and 22 pubs in its home county, Hampshire and Somer-set and in the east end of London. County will have a brew-ery and 11 Midlands pubs.

County will take over six pubs which Wiltshire bought only last July, and a micro-brewery which produces Ma Pardoe's beer. From County, Wiltshire will get the Crown Inn in Wells, Somerset. County will also buy Strongact, which brews Premier Midland ales in Stourbridge.

Strongact will be issued £500,000 in County shares; if this exceeds 29.9 per cent of

this exceeds 29.9 per cent of the enlarged share capital, the surplus will be placed. Wiltshire receives a net

£300.000 cash, and a share issue which will raise its interest in County to 14 per cent. It said internal controls had been unable to cope with its larger

Mr Jeff Scobie has left after three years as managing direc-

estate.

Further provision for NatWest's US arm

By David Lascelles, Banking Editor

NATIONAL Westminster Bank figure on the new capital, but expects NatWest Bancorp, its US subsidiary, to report a loss for 1990 because of the troubles of the local banking market. Mr John Tugwell, chief executive of international banking at NatWest, said the company would be making further provisions in its fourth quarter

results which will be published

UK COMPANY NEWS

The bank already provided \$305m in the first nine months of last year, pushing it into a loss of \$126.5m for that period.

shortly

fresh funds into its New York Mr Tugwell declined to put a

NatWest will be injecting

operating arm where the bulk of the losses are concentrated.

stressed that it would come from the group's existing capital resources in the US rather than from London. NatWest has one of the larg-

est US banking businesses of the UK clearers following a series of acquisitions begun ten years ago, mainly in the north

Most of the problems are concentrated in NatWest USA, the unit of NatWest Bancorp which operates in New York and has a large exposure to the real estate market, including interests of Mr Donald Trump. NatWest USA's real estate loans amounted to 15 per cent of its assets, which currently total \$11bn to \$12bn

(£5.8bn - £6.3bn). The other unit, NatWest NJ. operates in neighbouring New

Last year, NatWest Bancorp injected \$300m of additional capital into NatWest USA, consisting of \$200m of equity and \$100m of loan capital. But this was mainly to offset losses on the bank's \$1bn Third World debt portfolio which is being wound down, rather than to

meet real estate losses. Following more recent problems, NatWest USA will need a further capital transfusion, Mr Tugwell said. This will come from NatWest Bancorp which was recently merged with Nat-West Capital Corporation, its US-based capital-raising arm,

and was well capitalised as a result. "The parent won't have to put any more money into it," he said.

Since the troubles began. NatWest has made manage-ment changes in its US business, and has tightened up its procedures. Mr Tugweil said NatWest Bancorp was now "a

good operation". But he was critical of the US banking authorities who, he said, had taken an inconsistent approach to NatWest Bancorp and aggravated the group's difficulties. He declined to elaborate, but said: "The regulatory authorities need to get their act together a little more if they want to encourage people to invest their money there."

A Cook who hopes for easy digestion

Richard Gourlay looks at reasons behind the £40m bid for Telfos

R ANTHONY Cook has made his name restoring life to one of the least profitable sectors of European engineering, the UK steel foundry industry. After taking over as chair-

man of William Cook from his father in 1982 when the company had one casting site in Sheffield, he has bought 1? operations in a fragmented market and whittled them down to eight sites. In the process he has built a group sig-nificantly larger than its near-

est UK competitor.
His group's £40m bid for Tel-fos Holdings, the Leeds-based locomotives rolling stock and investment company, is therefore something of a surprise. Not only is it a sideways move into an area where there is no obvious synergy, but Mr Cook is entering an area where there will be few, if any, opportuni ties to apply his purchase and-rationalise philosophy.

Yorkshire born Mr Cook is clearly relying on his reputa-tion as a "sorter-outer", recog-nised last year when William Cook was anointed CBI company of the year.

My message to Telfos shareholders is to change your board for us," Mr Cook said. "The Telfos board has squandered the fruits of the efforts of people within it," he said, ferring to what he calls ques tionable interests that have been built up in investments.

Mr Cook says there is much to sort out. Telfos kicked off the year with an announcement of preference share divi-dends while it strengthened its balance sheet. This followed a need to make additional provisions arising from the sale of its one third stake in Euromagnetics Holdings, a manufacturer of magnetic storage media, which left insufficient distributable reserves to pay the dividend. In total Telfos will have made provisions of more than £8.5m relating to Euromagnetics.

This followed a £13.9m rights issue in July – the second in 13 months – at 180p, which was enthusiastically taken up by shareholders who believed there were good prospects for the core business, mainly in the Hunslet locomotives and rolling stock subsidiaries.

Following the provisions and a series of boardroom disagree ments that led to the departure of Mr Jo Malins, the chief executive, Telfos's share price

dropped to 66p.
According to Mr Cook, Telfos's investments away from the core business have eroded the company's balance sheet. They have included a £7.8m investment in building land at Filey, where planning permission is yet to be received, and a £9.4m investment in a Bermu-da-based company, Nelson Asset Management. In spite of these problems,

ness remain strong. It is the UK's third largest supplier of rolling stock behind Brel and GEC Alsthom in an industry that has an enviable under-ca pacity and will soon be bol-stered by substantial orders from British Rail for its southern region service if

the prospects for its core busi-



Jo Malins: left Telfos after boardroom disagreements

It also has a controlling interest in Ganz-Hunslet, a joint venture with the Hungar-ian government, through its 75 per cent stake in Telfos AG in Austria.

It is this business which some analysts say may have provided nearly half Telfos's £4m operating profit at the interim stage last June. It is probably the reason why Jennenbacher, the Austrian rolling stock company, has built up a 2 per cent stake in Telfos, pushing the share price to over 100p.
If William Cook's bid is suc-

ssful, the Ganz-Hunslet business might be retained, Mr Cook said yesterday, while its investments away from the core business would be sold. The William Cook move will

however put its balance sheet under strain at a time when it has not fully digested its recent acquisitions. Mr Brian

Harding, a broker at James Capel, believes the company needs something like the Tel-fos acquisition if it is to stand any chance of maintaining its recent growth. Pre-tax profits rose 55 per cent to £5.8m in the six months to September 29 on turnover up 65 per cent at

£70.43m. Mr Cook clearly harbours similar thoughts and believes that there remains only limited notential in the steel castings

The opening shot in the hid means a rise in gearing from about 50 per cent, on debt currently standing at some £17.5m, to a worst case sce-nario of 100 per cent. This is based on £11.85m of cash cur-rently on offer – the balance being in the form of three new William Cook shares for every

eight Telfos shares. Mr Cook estimates that the group will be able to sell £20m of assets in the first 12 months and bring gearing down to

today's level.

This plan, of course, depends on what William Cook finds once it starts the process of digestion. The company has already postponed its year-end three months until March to strengthen its balance sheet. "Earnings per share this year are distinctly uncertain,

and at around 120p, Cook's price looks very generous." Mr Tony Skelton of brokers Gil-bert Eliott said, although he pointed out that Telfos has no debt. "They are buying some uncertain and deferred profitability and as such may be paying a full price for entry into the business."

Goode Durrant declines 21% Goode Durrant, the industrial

management group, reported a

Turnover declined to

133.4m (£140.9m) but operating profits advanced 16 per cent to £8.2m (£7.07m). The interim dividend is maintained at 2.15p payable from earnings payable from earnings there down thou £5n to

January-1991 marks the first anniversary

NatWest Leasing

and Asset Finance

We would like to thank all our customers, including Aer Lingus **Australian Airlines BP Petroleum Development Limited BP Shipping Limited** Britannia Aggregates Ltd **British Aerospace** Corby Power Ltd Financiere Credit Suisse First Boston

Fluor Corporation Lucas Industries PLC Nissan Motor Manufacturing (UK) Ltd News International PLC P & O Bulk Shipping Ltd Peterborough Power Ltd South West Water PLC The Thomson Corporation

for making our inaugural year so successful

UK and cross-border leases written during 1990 related to total asset cost exceeding £1,300 million

The National Westminster Bank Group has been involved in big-ticket leasing for over 20 years

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For further information please contact:

NatWest Leasing and Asset Finance, National Westminster Tower, 25 Old Broad Street, London EC2N 1HQ

Piers Bull - Director Leasing and Asset Finance 071-920 5558 Philip Davy - Senior Executive UK Business 071-920 1070 Bob Pashley - Senior Executive International Business 071-920 5363 Mark Payne - Senior Manager Marketing and Research 071-920 1553

National Westminster Bank PLC



Turkey helped fund Nadir's bail

PRESIDENT Turgut Ozal of greater support to the com- at the London headquarters of to secure the release of Mr Asil some banks did not take a in Switzerland and northern Nadir, the chairman of Polly

Peck International. The Turkish Cypriot businessman is facing 18 charges of theft and false accounting related to the collapse of the UK-based fruit to electronics

Speaking on Turkish televi-sion in the first public com-ments he has made on the troubles of Mr Nadir and Polly Peck, President Ozal also expressed disappointment that Turkish banks had not offered

Turkey has indicated that it pany last autumn. the Ser was his government which "We don't know the ins and terday.

course of action as we would have wanted." While cautious to distance himself from the circum-stances of Mr Nadir's arrest,

Mrs Elizabeth Forsyth, chairman of South Audley

NEWS DIGEST

50% advance

President Ozal's comments reflect the growing public sup-port which followed Mr Nadir's arrest by UK authorities 10 days before Christmas.

Management, a company which handled investments for Mr Asil Nadir, was interviewed

21 per cent reduction, from £6.7m to £5.3m, in pre-tax profits for the six months to end-October 1990. the Serious Frand Office yes-

Cyprus during the autumn after her name was linked with suspicious share buying in Polly Peck.

She returned to the UK before Christmas and announced that she had voluntarily arranged to be inter-viewed early in the new year. The Serious Fraud Office confirmed that the interview was carried out under Section 2 of the Criminal Justice Act,

per share down from 8.5p to 6.5p.
Mr Michael Waring, chair-man, said all divisions traded profitably and as part of the strategy of concentrating on sound profitable businesses it had been decided to dispose of which removes the right to silence under questioning.

Goode Durrant Bank.

Earnings per share fell from 6.2p to 4.4p but the interim dividend is held at 1.3p. Bucknall **Austin down** AG Barr shows

at £0.54m REDUNDANCY costs of £182,000 left Bucknall Austin, the USM-quoted quantity sur-veyor and project manager, with reduced pre-tax profits of £542,000 for the six months to

October 31 compared with £706,000. The company also announced it was acquiring Contract Con-sultant Services based in Hong Kong and Singapore, for an initial £500,000. For 1989 its taxable profits were HK\$3.2m (£210,000) on turnover of HK\$8.9m, and projected results for 1990 are HK\$2.1m and HK\$11.7m respectively.

Goode Durrantint

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The following compenies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official instances from a requirement of treatment and the sub-

TODAY

AG Barr, the soft drinks manufacturer, lifted pre-tax profits by 50 per cent to £4.38m in the year to October 27. The total dividend is raised 2.6p to 15.6p, with a recommended final of 12.35p. A 2-for-1 scrip issue is also proposed. The advance from the previ-ous year's slightly depressed £2.94m after exceptional provi-

sions of £234,000, was struck from turnover only marginally higher at £89.78m (£88.5m).
Interest charges dipped to £1.64m (£1.98m) but tax took 5.444,000 more at £1.35m. Earnings per share worked through at 48.1p (32.21p).

An extraordinary charge of Bucknall's turnover advanced to £10.39m (£9.65m)

DIVIDENDS ANNOUNCED

Feb 9 Feb 28

Feb 26 Apr 10

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. †On capital Increased by rights and/or acquisition issues. §USM stock. •Irish currency.

BOARD MEETINGS

Current

2-1 1 2.2 2.25

Total for

3.25

Total last

4.8 5.4

£511,000 (credit £1.05m) represented the costs of a major restructuring of the group's production and distribution

M&W beats flotation forecast

M&W, the Southampton-based convenience store group, yes-terday unveiled profits of £1.79m before tax and excep-tional items for the year to end-September – beating the company's flotation forecast of

After taking in interest receivable of £37,000 and exceptional income of £207,000, the pre-tax outcome was £1.99m. Turnover amounted to £60.62m. Weighted earnings per 10p share emerged at 9.7p against a forecast of 8.9p. A single dividend of 1p is proposed for the year. **MAES Funding** No. 1 PLC

£200,000,000

Mortgaged Backed ting Rate Notes due 2018 Notice is bereby given that the Rate of Interest has been fixed at 14-325% for the interest period 7th January,

1991 to 8th April, 1991. The Interest amount payable on 8th April, 1991 will be £3,571-44 in respect of each £100.000 denomination.



Agent Bank 7th January, 1991

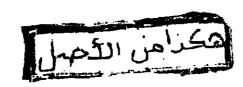
ADVENT MANAGEMENT **OPPORTUNITIES LIMITED**

has changed its name to

Nash, Sells & Partners Limited

25 Buckingham Gate London SW1E 6LD

Tel: 071 828 6944, Fax: 071 828 9958 A member of IMRO



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on screen from Friday

By David Blackwell

RAW SUGAR futures will switch from floor to screen trading in London on Friday after an attempt to halt the move failed yesterday. At an extraordinary general meeting of the London Futures and Options Exchange (Fox) a resolution calling for an integrated trading floor with pits for all Fox markets was defeated by 58 per cent to 42 per cent of the votes.

per cent of the votes.

The meeting was called after some exchange users were upset by the sugar committee's announcement last month that the flagging raw sugar contract was being moved to the Fox screen trading system, known as Fast

After the initial vote, shareholders unanimously voted to allow Fox markets to determine their own future. As Fox has just merged with the Baltic Futures Exchange, the decision covers about a dozen markets. The resolution in favour of pit trading was proposed by GNI, the London futures brokers, and backed by several other trading companies. Mr

Sugar futures turnover (50-tonne lots) raws November 32.826 42,155 69,259 50,423

113,435 33,199 120,176 38,811 892,232 347,303

Mark Davies, managing direc-tor of GNI, said yesterday that the debate had been "full and the debate had been "full and frank". The proposal to go for pits rather than screen trading had attracted substantial support, he said, but his company accepted the majority decision and would "wholeheartedly support screen trading."

Mr Mark Blundell, chief executive of Fox, believes the sugar contract will be the first in the world to switch direct

in the world to switch direct from floor to screen trading.

Last year raw sugar trading volume on Fox declined from 120,176 lots in January to 24,157 lots in December. Mr Blundell believes that the switch to screens will result in wider participation and increased liquidity. "We have already had some applications for screens from the US." he said. The exchange already trades white sugar on screen, averag ing between 1,000 and 1,500 lots

a day. Mr Jon Payne, chairman of the sugar market committee, said the market had been concerned about declining volume the numbers leaving the floor, and the effect on liquidity. Business had been quiet throughout the market as supply and demand for sugar were

roughly in balance.

Locals, who are licensed to trade for their own accounts to help boost market liquidity, remain "very disappointed". Mr David Rose, who said he spoke for 22 locals who traded sugar, said yesterday that he had "no intention of trading

Brazil to release more exports

By Victoria Griffith in Sao Paulo

BRAZILIAN SUGAR exports will reach at least 790,000 tonnes this year, according to the Secretariat for Regional Development.

The figure is well above the

550,000 the secretariat had previously expected to authorise, but still below the annual average of 1.1m tonnes in recent years.
"We will be authorising

more sugar imports than anticipated, primarily due to a fall in consumption of alcohol," said Mr Paulo Roberio, director of sugar and alcohol projects at the secretariat. Many Brazilian cars run on alcohol derived from sugar. Dr Luiz Bertelli, director of

the Association of Sugar and Alcohol Industries, predicted that exports could exceed Im tonnes by the end of the year. The secretariat has ruled that domestic demand must be satisfied before states can be

BRAZIL, the world's second biggest cocoa producer, is considering pulling out of the International Cocoa Organisation, the producer-consumer group that until 1989 tried to stabilise prices for the commodity through a buffer stock buying system, the country's Economics Ministry confirmed this

given permission to export. But it made an exception early this year by authorising the sale of 240,000 tonnes to the US

"We decided to bend the rules in order to woo the US buyers," said Dr Roberio. Most of the exports are from the north-eastern states of Pernambuco and Alagoas, which have already satisfied local demand. In the industrial state of Sao Paulo, the biggest producer of sugar in Brazil, there is still a six week shortage of alcohol on

That shortage is expected to fall rapidly, however, as Brazil-ian consumers use an alterna-tive called MAG – a mixture of methanol, petrol and alcohol — to fuel their cars. Brazil has lifted imports of methanol from the US, Chile and the European Community in order diminish alcohol demand. Demand for alcohol has also softened as many car-owners, frustrated over the alcohol shortage, have switched to pet-rol-driven vehicles.

A rise in sugar production will also boost exports. Mr Roberio predicted that sugar production in the southern states would exceed earlier predictions by at least 2,000 tonnes. An increase in exports would come as a welcome relief to Brazil's hard-pressed

MINOR METALS PRICES

Prices from Metal Bulletin (last ANTIMONY: European free

market 99.6 per cent, \$ per tonne, in warehouse, 1,640-1,680 BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse,

2.80-2.90 (same). CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 2.80-3.20

COBALT: European free

in warehouse, 15.25-16.00 (14.75-

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 150-160 (155-165). MOLYBDENUM: European free market, drummed molyb-

dic oxide, \$ per ib Mo, in warehouse, 2.65-2.75 (same). SELENIUM: European free market, min 99.5 per cent, \$ per ib, in warehouse, 4.80-5.40. TUNGSTEN ORE: European

free market, standard min. 65 per cent, \$ per tonne unit (10

kg) WO3, cif, 37-49 (same). VANADIUM: European free market, min. 98 per cent, \$ a Ib V₂O₅, cif, 2.50-2.70 (same). URANIUM: Nu Nuexco exchange value, \$ per lb, U₂O₈, influenced by interest from market into deficit.

LIKE WAREHOUSE STOCKS (As at Monday's close)

COCCA - London POX

London raw sugar to trade | Gas project to test Peru's investment climate

Sally Bowen assesses prospects for development of the vast Camisea field

encouraging invest-ment, whether foreign or national, will be its attempt to attract money for development of the vast Camisea gas and condensates field in the south-east jungle. Mr Fernando Sanchez Albavera, the Mines and Energy Minister, is calling 1991 "the year of Camisea". Officially, first stage develop-

ment requires investment of US\$1,485m, making Camisea by far the biggest and most ambi tious energy project Peru has in the pipeline. Development has already

been stymied once, by a dis-pute between Royal Dutch which made the initial find - and the previous Alan Garcia government which, in 1988, withdrew Shell's operating contract amid accusations of non-fulfilment of investment commitments.

Camisea's two main depos-

its, San Martin and Cashiriari, are estimated to contain 10.8 trillion (million million) cubic feet of recoverable non-associated natural gas and 725m barrels of liquid natural gas (mostly propane with some ethane and a high proportion of heavier hydrocarbons). These reserves, and there could be plenty more to discover according to experts, are already equivalent to over 2,500m barrels of crude oil. That is seven times Peru's current proven crude oil reserves, which have fallen because of a combination of lack of external financing and a dearth of exploration, from 1981's 835m barrels to 350m barrels at the

Petroperu, the state-owned

Soviet interest

freight futures

Futures market yesterday.

grain trading houses anticipat ing a successful outcome to the talks on a US credit package

In the background, he added.

was continuing concern about the Gulf situation and fears

for the Soviet Union.

lifts London

By Richard Mooney

HE BIGGEST test for mining and refining giant economic stability," he Peru's new policy of warns that, without Camisea, declared recently. encouraging invest- Peru is likely to become a net Camisea lies in the departimporter of oil in the next few years. Even modest industrial reactivation would push demand up to 140,000 barrels a day against estimated production of only 110,000 b/d. By 1993. Peru could be spending US\$400m a year on importing

> 'Peru cannot environment for investment' Peru's South is also suffering

and has made more urgent the need for alternatives to hydroelectric power generation. Development of Camisea is considered top priority by almost all Peruvians. The Min-

So far, the principal flies in the ointment are regional interests and extreme left wing politicians, ever-suspicious of

anteed investment and respect for contracts in a framework of

ment of Cuzco, now part of the newly constituted Inka Region. Legally, the region has a strong voice in decisions over

develop Camisea alone. . . we must create a favourable

from an increasingly severe energy crisis, which has crippled nascent industrial initiatives. This year's drought fur-ther exacerbated the problem

istry of Energy and Mines has distributed a hefty consultative document intended to help reach a consensus on the optimum approach to develop-

international involvement in Peruvian resources. The Minister of Energy and Mines, however, himself a moderate leftwinger, has not minced his words. "Peru cannot develop Camisea alone. . . we must create a favourable environment for investment with guar-

natural resources found within its boundaries, as well as the right to a percentage of income earned from those resources. The Senate Energy Commis-

from Camisea to Cuzco to supply a thermal energy plant providing power for the southern region would be 225 miles long.

This option looks over-ambitious in current Peruvian conditions. Despite encouraging responses by the IMF to initial government actions, Peru is likely to have to prove more than good intentions before international money flows in. The promised signings of investment guarantee agreements with the Overseas Private Investment Corporation and the similar World Bank-sponsored MIGA scheme, will help encourage but not sion has proposed creating a public company, Energo Inka, with a strong regional voice, to

administer the Camisea development. This has provoked groans from those familiar with the prototype Peruvian nublic company.

n its working document the ministry proposes an ambitious scheme, with extraction and separation of gas from condensates on site. A percentage of the gas would be used to satisfy domestic demand, still very low at around 100m cu ft a day but projected to triple over ten years. The remaining years. The remaining gas would be re-injected into the ground to await future extracion for a more developed mar-

The gas and condensates would then be transported via two principal pipelines. One, with capacity for 900 cu ft of gas a day, would run from Camisea to within 25 miles of Lima, where it would branch into three, serving the central, northern and southern coast

osene, a popular cooking fuel where most of Peru's popula-tion and industry is located. Each barrel of kerosene substituted would save Peru \$12 -The main duct would be adding up to a total of \$283m in some 330 miles long and cross the Andes at heights over 4,500 five years. metres above sea level. The slightly smaller secondary duct from Camisea to Cuzco to sup-

The condensates and some of the gas would be used initially for electricity generation, replacing petroleum deriva-tives. They could also serve as raw materials for the petro-chemicals industry and in fer-

Under this option, the expen sive pipeline (\$635m according to Petro Peru estimates) would be delayed until the domestic market market for gas was established.
In all likelihood, the Camises

thiser and sponge from produc-

contract will end up by being shared among a variety of interested companies. Shell would appear to be the obvious candidate to develop the gas fields themselves — the Minis-try puts a \$490m price tag on that element. Norberto Odebrecht, the Brazilian mining and construction corporation with well-established interests in Peru, could be in the market for construction of a thermo-energy plant near Cambia with a view to exporting energy to south-west Brazil as well as to Peru's south And Mr Sanchez Albavera envisages private companies, national or foreign; tendering for the refining and distribution of the heatened process.

tion of the hydrocarbons. Peru's macroeconomic performance over the coming months will be the acid test. According to the Minister. If we can consolidate this favour able climate in the first lew months of 1991, then we'll be in a position to negotiate a good deal over Camisea."

Metal output surges forecast

By Kenneth Gooding, Mining Correspondent ACCELERATED exploration below the 1988-89 averages.

and development triggered by high base metals prices in the SOVIET INQUIRIES for past few years is likely to lead shipping capacity to carry grain from the US helped to to an aggregate production capacity increase of more than push dry cargo freight futures 22 per cent in the five years to sharply higher on London's 1995, according to the Metals Baltic International Freight and Minerals Research Services consultancy group. The greatest surge is pre-

The February position quickly rose the 50-point permissible daily limit to 1,465 dicted to be in the aluminium industry where smelting capacpoints and, despite being ity is expected to rise by 29 per trimmed by profit-taking in the cent. But MMRS says this afternoon, was back to that increase should be matched by level at the close. Mr Philippe van den Abeele failure of just one of several of London broker Clarkson apparently secure major Wolff-said the rise was also smelter projects could tip the

Consequently, MMRS suggests in its latest Analysis & Outlook publication that the lb in 1991 to \$1.30 in 1993.

WORLD COMMODITIES PRICES

1554-6 1585-6

sm, 99.7% purity (\$ per tonne

LONDON METAL EXCHANGE

aluminium price is likely to rise from 70 cents to 80 cents a MMRS predicts that copper that the Suez Canal might mine capacity will grow by an have to be closed if war broke annual 2.9 per cent through to out. With a 4 to 5 per cent capacity rise due in 1991 because of the commissioning of Chile's huge Escondida mine, "a period of surplus, and consequently lower prices, is therefore in prospect until 1992." MMRS believes copper will average 85 cents a lb this year, 90 cents in 1993 and \$1.10 in 1995.

Nickel supply is likely to severely squeezed during 1993-94, says MMRS. The price, which could average to less than \$3 a lb in real terms in 1991, may rebound above the 1988 peak of \$7. Lead producers may well be

struggling to keep pace with demand within three years, additions to mine capacity could mean that the zinc market is held in surplus at least to 1993. Tin mine production is

52,770 lots

ial Kerb close Open Intere

begining to ease, MMRS points out, and the considerably stocks overhanding the market will gradually be whittled

away. The process will be slow so that prices will be held below \$3 a lb in 1991 but a recovery to \$5 is on the cards for 1993. MMRS was among the very

Bank-sponsored MIGA scheme, will help encourage but not ensure investment response. In the past few weeks, local experts note a greater realism creeping into the Camisea dream. "The Minister is scaling down the idea," one commented "Instead of coing for a

mented. "Instead of going for a Rolls Royce, he's thinking about something more in the

Realism could mean starting

modestly, extracting the abun-

dant and saleable condensates from the smaller San Martin

field. Immediate investment of \$17mn would mean the swollen rivers could be used during the

coming rainy season to trans-port drilling equipment into the area. Condensates could be

distributed and marketed within four years of starting

Liquefied petroleum gas has a ready local market and could sensibly replace expensive ker-

drilling operations.

Toyota class."

few metals analysts to suggest in the autumn of 1989 that the gold price would continue to fall in 1990. It maintains a bearish stance but suggests the gold price may rise by 12 per cent to average \$430 a troy ounce in 1996. "Much of this movement will reflect a further slide in the US dollar and real gold prices are unlikely to change much." Faced with oversupply, plati-

num prices will do well if they top \$450 an ounce in 1991, suglittle hope that silver will better \$5 an ounce in 1991-92. "Silver prices might not improve beyond \$7.50 before the second half of the decade." "Metals Analysis & Outlook," quarterly for £875 a year from MMRS, 24 Henry Street, Bath,

Avon, BA1 1JT, England.

N Ireland farmers get £70m boost By Our Beltast Corrrespondent

ULSTER farmers received a boost yesterday when the European Commission approved a 270m support programme for the province's agricultural industry.

cultural industry.
Improvements in efficiency and competitiveness, higher standards of quality and mar-keting of produce, encouraging farmers to farm in an environ mentally friendly way and consideration of alternative land uses and non-traditional enter-

prises are identified as priority areas.
The cost of the Northern ment Operational Programme (ADOP) 1990-93 will be shared equally by the EC and British

Government. Many of the measures are aimed at belying smaller farmers improve efficiency to enable them to compete suc-

cessfully.

Chicago

MARKET REPORT

Aluminium prices on the LME closed lower yesterday as a further rise in stocks in LME pressure in the absence of significant consumer demand said there had been very little Japanese demand since their New beginning to unsettle the market. The 10,975 tonne stocks rise to a record 328,975 tonnes was attributed to surplus metal being delivered by both merchants and producers. Some of the metal was believed to be Soviet origin. Lack of Japanese demand also left copper prices lower. In addition

London Markets

rouder wat	Kets	
SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai Brent Blend (dated) Brent Blend (February) W.T.L. (1 pm est)	\$21.55-1.80t \$26.70-5.80 \$25.80-5.70 \$25.60-6.63t	-0.35 -0.35
Off products (NWE prompt delivery per to	onne CIF)	+ or-
Premium Gasoline Gas Oil Heavy Fuel Oil Naphtha Petroleum Argus Estimates	\$274-277 \$260-262 \$138-141 \$276-279	+ 13 +8 +3
Other	<u></u>	+ or -
Gold (per troy ozide Silver (per troy ozide Platinum (per troy oz) Palladium (per troy oz)	\$388.25 425.00c \$413.75 \$86.00	-3.0 +4.75 -1.75 +1.4
Aluminium (free market) Copper (US Producer) Lead (US Producer) Nickel (free market) Tin (Kuata Lumpur tearket) Tin (New York) Zinc (US Prime Weatern)	\$1540 122c 51c 419c 15.15r 283c 70c	-30 +1 +9 -0.05
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	105.86p 146.23p 73.53p	+2.90° +2.47° +1.07°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price		+0.6 +0.5 +0.5
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	Unq. 2163.0 267.0	
Rubber (Feb)♥ Rubber (Mar)♥ Rubber (KL RSS No 1 Jan)	51.00p 51.25p 237.0m	-0.50 -0.50
Coconut oil (Pfullippines)§ Palm Oil (Malaysian)§ Capra (Pfullippines)§ Soyabaans (US) Cotton "A" indext	365.0w 360.0 \$242.0x £140.0 83.29c	-5.0 -5.5 + 0.5 -0.55

Wooltops (64s Super)

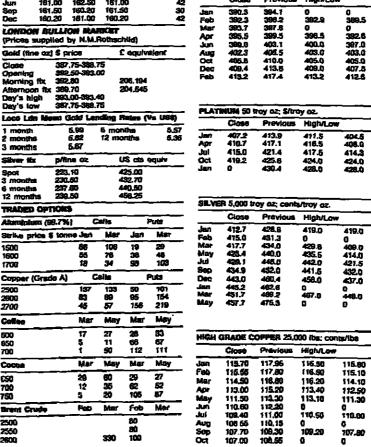
dealers expect copper to be among the metals first affected by any outbreak of hostilities in the Gulf, because of the fall in demand resulting from any war induced recession in the industrialised economies. In Chicago soyabeans were sharply lower at midday. Traders cited fears that the USSR will not be offered more credit later this year because of tensions between Moscow and Soviet republics. In New York nearby orange juice was well ahead at midday on the lack of delivery notices issued

against spot January contracts.									
Compiled from Reuters									
SUGAL	SUGAR - London FOX (\$ per tonne)								
Raw	Close	Previous	High/Low	•					
Mar	201.60	206.00	206.60 201.20						
May	204.40 210.20	209.00 214.00	209.40 204.00	!					
Oct	210.00	213.40	214.20 209.20 213.40 209.00	-					
DĒc	213.00	_,_,	210.00	1					
Mar May	212.00 212.00		216.00 217.00						
White	Close	Previous	19ch/Low	•					
Mar	293.4	298.5							
May	293.4 291.9	298.3 298.1	298.6 292.7 297.5 291.5						
Aug	300.4	305.5	304.0 299.5						
Oct Mar	277.4 274.6	283.5	.284.0 277.0	i					
May	277.A		278.5 274.5 278.5						
Turnow	ec Raw 1	352 (144m I	late of 50 tonnes.	- }					
White 1	1306 (1184	1							
París- 1630, A	White (FF ug 1586.	r per tom Oct 1486.	ie): Mar 1525, May						
CRUDI	COL - 1								
	Clos		Sharre	1					
Feb Mar	26.24 25.45		26.85 25.50	•					
Abr	24.50	25.63	26.20 24.85 25.70 24.24						
May	23.7	24.50	23.75						
IPE Ind			25.36 24.91	_					
	er 24271 (19686)		_					
GAS O	C - tPE		\$/toans	•					
	Close	Previous	High/Low	•					
Jen	253.75	244.50	255.50 251.00	•					
Feb	239.25 228.50	235.00	244.75 238.50						
Mer Apr	216.50	225.25 215.50	233.50 227.00 225.00 216.50						
May	211,00	211.25	218.00 211.00						
Jun	208.00 208.00	206.50	216.00 210.00						
<u></u>		208.25	208.00	-					
Turnov	er 16229 (15652) lots	of 100 tonnes	. 1					
}									
l									
JUTE				,					
Cane	F Dunder	BTC \$530.	8WC \$540,8TD						
\$480.4	BWO \$ 485;	C and F An	twerp BTC	١.					
\$490.9	EWC \$500,	BTD \$435,8	WD \$435.	!					
COTI	TOM.			Ι.					
		and Shipm	ant sales for the	١.					
week	ending 4ti	January A	mounted to 109 1	li					
SOULD	s. Quiet Ti	ading persi	isted with interest						
SI JOWN		h growths.							
l				J					

Previous High/Low 651 686 716 656 650 ver: 7425 (4687) lots of 10 torines Indicator prices (SDRs per tonin for Jan 7 883,43 (866.58) 10 day COFFEE - London POX Previous High/Low 608 600 589 582 597 590 811 605 625 620 840 636 er: 2450 (1838) lots of 5 tonnes dicator prices (US cents per pound)

MYAT	~ ·	andon PQ3	7 S/Nor	
-V.A.	Close	Previous	High/Low	-
-		131.5	132.0 131.0	-
Apr Vay	132.0 151.5	150.3	150.5	
		lots of 40 t		_
SOYAL	EAL - I	ouden FO	K £/tor	Пе
	Close	Previous	High/Low	
eb	113.50		113.60	
Apr Junt	118.50 119.00	117.50 118.50	118.50 118.00	
		lots of 20 1		-
THE	HT - Lot	odon POX	\$10/Index po	in
	Close	Previous	High/Low	_
len .	1470	1440	1470 1460	_
Feb Apr	1465	1415	1470 1440	
	1375	1357	1380 1380	
Júl BFI	1375 1080 1432 or 405 (35	1435	1380 1380 1080 1432	_
lul BFI Turnove	1090 1432 or 405 (35	1435 77	1080	
Iul BFI Turnove	1080 1432	1435 77	1080	ine
unow CRAIN	1080 1432 or 405 (35 S - Lenc Class 118.95	1435 [7] Son FOX	1080 1432 £/Ror	ine
Turnove ORAIN Wheat Jan	1080 1432 or 405 (35 S - Lenx Class 118.95 122.40	1436 Previous 119.50 122.83	1080 1432 Ertor High/Low 119.00 118.80 122.40 122.15	ine
Turnove ORAIN Wheat Jan Mar Way	1080 1432 or 405 (35 S - Lenc Close 118.95 122.40 125.90	1436 Frevious 119.50	1080 1432 E/for High/Low 119.00 118.80 122.40 122.15 128.00 125.66	ine
lui BFI Turnore Wheat Jan Mar May Jun	1080 1432 9r 405 (35 5 - Lenc Class 118.95 122.40 125.90 127.55	1436 Previous 119.50 122.83	1080 1432 E/for High/Low 119.00 118.80 122.40 122.15 128.00 125.85 127.36	inc
lui BFI Turnove Wheat lan Mar May Jun Vov	1080 1432 or 405 (35 5 — Lenc Class 118.95 122.40 125.90 127.55 111.95	1435 Frevious 119.50 122.30	1080 1432 E/for High/Low 119.00 118.80 122.40 122.15 128.00 125.65 127.36 112.00	ine
lui BFI Turnove Wheat Jan May Jun Jun Bartay	1080 1432 or 405 (35 S - Lenc Class 118.95 122.40 125.90 127.55 111.95 Class	1436 Frevious 119.50 122.60 128.30	1080 1432 Eftor High/Low 119.00 118.80 122.40 122.15 128.00 125.65 112.00 High/Low	
Jul BFI Turnove GRAIN Wheat Jan Mar May Jun Bertay	1080 1432 or 405 (35 5 — Lenc Class 118.95 122.40 125.90 127.55 111.95	1435 Frevious 119.50 122.50 128.30 Provious 114.35	1080 1432 E/for 119.00 119.80 122.40 122.15 126.00 125.86 127.25 112.00 112.00 114.00 113.76	
lul SFI Turnove Wheel kan Mar Wey Jun Sertey Jan Mar	1080 1432 or 405 (35 S - Lenc Class 118.95 122.40 127.55 111.95 Close 113.85	1436 Frevious 119.50 122.60 128.30	1080 1432 Eftor High/Low 119.00 118.80 122.40 122.15 128.00 125.65 112.00 High/Low	ine
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Copper, Grade A (E per tonne) Cash 1348-50 3 months 1367-8 104.360 lots Lead (£ per tonne) Cash 315-7 3 months 330.5-1.0 316.50 333.00 330.5-1.0 10,630 lots Mickel (\$ per tonne) Cash 8800-50 3 months 8725-50 7,855 lots cled High Gr de (5 per tonne) 1271-4 1265-7 1273-5 126607 New York MOSS - London FOX Close Prev. 161.70 162.50 161.70 162.20 162.30 162.20 162.30 163.30 163.30 162.80 163.80 163.40 161.00 162.50 161.00 161.50 160.20 161.50 160.20 161.00 160.20 GOLD 100 troy oz.; \$/troy oz. Close Previous High/Lov



3)	CRUD	E OFF (F	ight) 42,000	US galls	\$/Darrel	~,	गण्या	,	`
<u> </u>		Close	Previous	High/L	gw	SOY	ABEANS 5	,000 bu mln;	cents/80%
13	Feb	27.17	27.65	27.70	26.46		Close	Previous	High/Lo
_	Mar	25,30	26.82	25.95	25.70	Jan	553/4	566/6	667/0
_	Apr May	25.46 24.71	25.13 24.53	26.05 25.25	24.85 24.20	Mar	564/2	577/2	679/2
8	Jun	24,08	24.02	24.60	23.65	May Jui	577/8 590/6	591/0 603/6	592/4 605/4
	Jul	23.56 23.18	23.59 23.25	24.00 23.60	23.10 22.80	Aug	594/4	606/4	608/0
5	Aug Sep	22,86	22.96	23.20	22.55	Sep	594/6	605/0	605/4
-	Oct	22,56	22.81	22.95	22.30	Nov Jan	600/6 612/4	607 <i>1</i> 2 61 <i>87</i> 8	. 609/0 626/4
	Nov	22,50	22.69	22,80	22.30	Mer	624/0	630/4	632/0
3	HEAT	NG OIL	\$ 5000 US &	ells, cont	s/LIS galis	SOY	HEAN OF	. 60,000 ibs:	cents/lb '
_		Close	Previous	High/L	JW		Close	Previous	High/Los
_	Feb	7433	7617	7620	7250 .	 Jan			 _
8	Mar Apr	7172 6852	7361) 6766	7365 7050	7036	Jan Mar	20.05 20.22	20.45 20.73	20.45 20.72
	May	6592	6586	6830	6750 6535	May	20.62	21.10	21.08
=	Jun	6387	6421	6625	6350	Jul Aug	20.92 20.92	21,39 21,33	21.35
5	لايال Pug	6292 6312	6346 6376	6550 6465	622 5 6300	Sep	21.07	21.33	21.35
	Sep	6402	8476	G	0	Oct	21.09	21.34	21.38
-	Oct Nov	6487 6572	78556 6636	6620 6635	6450 6630	Dec Jan	21.20 20.60	21.40 21.15	21 <i>,47</i> 21,30
6					9030	Mar	20.80	ō	21.30
	440		res;\$/tonne			SOYA	SEAN ME	AL 100 tons;	\$/ton
		Close	Previous	High/La	7#		Close	Previous	High/Lov
	Mer May	1140 1179	1153 1192	1151	1138	Jan	164.7	168.5	169.3
	Jul	1220	1240	1189 1236	1 175 1218	Mar	168.9	172.9	173.8
-	Sep	1257	1278	1271	1260	May	173.1 177.1	176.6	177.5
	Dec Mar	1301 1343	1319 1373	1305 1355	1301 1339	Aug	178.5	180.6 181.5	181.0 ·- 182.3
_	May	1371	1401	Ö	0	Sec	178.5	182 1	180.0
_	COFFE	E "C" 37	,500lbs; ca	nts/Rbs		_ Oct Dec	179.0 181.5	181.6 183.5	181.6 183.5
		Clase	Previous	High/Le		- Jan	181.2	181.5	0
	Mer	90.45	90.40	90.80	89.50	- MAZ	5,000 bu	min; cents/5	6lb bushel
	May	92.75	82.65	93.10	91.85		Close	Previous	High/Low
	Jui Sep	94.90 97.10	94.90 97.10	95.20 97.50	94.40	Mar	232/6	235/4	236/0
	Dec	99.80	100.00	G. 720	98.40 99.30	May	239/4	242/6	243/2
	Mer May	101.95 103.95	102,15 103,40	0	0	Jul Sap	245/4 247/2	248/6 249/2	249/2
				<u> </u>	<u> </u>	_ Dec	249/0	249/6 249/6	249/4 249/6
-	3000	WORLD				Mar - May	255/6	256/4	256/4
•		Close	Provious		W		259/6	260/6	250/6
-	Mar May	9.10 9.18	9 32 9.40	9.31 9.38	9,08			min; conts	BOID-birchel
	Jul	9.22	9.41	9.43	9.16 9.27	=-	Close	Previous	High/Low
	Oct Mar	9.25 9.32	9.40 9.52	9.44	9.25	Mar May	251/2 260/6	265/6	256/4
	May	9,39	9.55	9.51 9.40	9.32 9.37	Jut	268/0	264/6 271/2	285/2 · 272/0
	COTTO	N 50,000	cents/lbs	<u> </u>		_ Sep Dec	275/6	277/4	279/0
		Close	Previous	H/gh/Lo		- Mer	288/2 294/4	291/6 297/0	201/0
•	Mer	75 68	75.88	76.20	75.47	- LIVE C		000 lps; cen	
•	May	74.23	74.38	74.58	74.00		Close		
	Jul Oct	73.54 66.81	73.82 67.30	74.05 67.30	73.50	Feb	77.05	Previous	High/Low
	Dec	63.83	64,33	64.25	66.81 63.25	Apr	76.12	77.35 78.47	77.50 . 75.47
	Mor May	64,70 65.10	65.13 65.85	65.00	64.70	Jun Aug	73.92	74.32	74.35
				65.10	<u> 65.10</u>	_ Oct	73.02 72.95	73.07 72.95	73.20 73.20
			15,000 lbs;	cants/ibs		Dec	73.45	78.47	73.76
		Close	Previous	High/Lo	w .	- Feb	73.50	73.50	В
	Jan Mar	113.00 112.55	109.65 109 60	113 50	110.00	- TAE H	OGS 30,00	io ib; conts/i	bs .
	May	T13.80	111.50	113.50 114,25	110,50 112,60		Close	Provious	High/Low
		114.25	112.70	115.30	114.00	Feb	51.22	50.57	51.70
	Sep	115.00	113.79	G	٥	Apr Jun	49.37	48.65	49.65
	IMDIC	-				Jul	54.30 54.10	53.22 52.82	54.32
						Aug	\$1.B\$	50.35	54.15 51.83
			: Septembe			Oct Dec	47.30 47.00	45.80	47.30
1		Jan ş	Jan 7	muth ag	o yr ago	Feb	47.90 46.25	46.40	47.90
	l	1708.5	1707.4	1718.9	1615.2	PCON .		44.75	46.25
	DOM 1	ONES (8	ase: Dec. 3		1001			0,000 lbs; ce	ris/lb
ł		Jan.7	√an.4			5	Ciose	Previous	High/Low
	Spot	124.75	123.84		b yr ago	Feb Mar	68.72 67.92	98.72	68.72
ļ	Futures		128.97	122.87 125.78	127.83 130.70	May	68.07	65.92 66.07	67.92
ļ	Ь				194.70	Jul .	67.97	85.97	68.07 67.97
						Aug	65 A2	61 00	

558.0 568.14 577.0 590.14 594.4 594.0 600.4 812.4 824.0

20.00 20.20 20.62 20.90 20.90 21.08 21.08 21.20 20.80 164.4 168.5 172.5 178.5 178.5 178.5 178.0 181.0

932/2 238/0 245/2 247/2 247/2 255/0 259/2 250/0 250/0 250/4 25/44 25/44 0 51.97 49.05 53.40 51.25 46.70 47.45 45.75

LONDON STOCK EXCHANGE

Nervous ahead of the Geneva talks

LONDON stocks yesterday joined in the nervous reaction of other world markets ahead of today's crucial meeting in Geneva on the Gulf situation between the US secretary of state and the Iraqi foreign min-ister. The FT-SE Index extended its recent fall to close below the 2,100 mark for the first time since November 19.

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The Footsie jousted with 2,100 early in the session when it showed a 17.8 loss. London rallied behind a somewhat irregular opening on Wall Street, which was 6.4 Dow points lower in London hours. The final reading put the FT-SE Index at 2,099.9, a decline of 13.4 on the day.

While investment business remained subdued, a handful of special situations belped trading volumes creep above recent dismal levels. Seaq vol-

Account	Deating	Detes
Pirst Dearings: Dec 31	Jan 14	Jan 26
Option Declaration Jan 10	Jan 24	Feb 7
Lest Doolings: Jan 11	Jen 25	Feb 8
Account Day: Jen 21	Feb 4	Feb 18
New-lime dealing 8.30 km two busin	es days of	place from riler,

ume totalled 376.1m shares, against 303.9m in the previous session. In view of the substantial falls overnight in both the Tokyo and New York stock

markets, London's opening setback of 13.5 on the Footsie was not unduly surprising. The UK market was still sustained to some extent by belief that domestic interest rates would be cut before the recession has bitten too deeply into the UK economy. A modest firming in

the sterling exchange rate yesterday gave some encouragement to such views.

Share price changes were mostly small and often appeared to be little more than adjustments of existing quotations in the light of a thinly traded market. Store issues managed a smattering of small gains as traders digested reports on Christmas trading. which appears to have been no better than had been feared but without bringing any new disaster signals for the stock market. Brewery shares also

edged ahead in places. However, across the broad range of the market the picture remained gloomy. The international blue chips gave back a few pence of Monday's recovery as traders kept a nervous eye on the Wall Street market when it opened with the news that Pan Am, the US airline, had filed for protection under Chapter 11 of the US bankruptcy code.

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The banking sector was still out of favour, with the market taking a negative view of the disposal by TSB of its Target insurance subsidiary; TSB's results are due tomorrow.

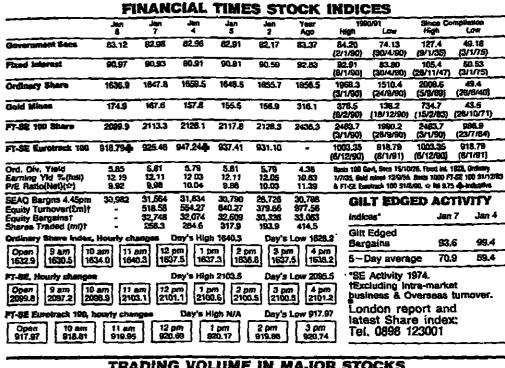
In spite of a slight firming in North Sea crude oil prices. there was little support for oil shares which, like other leading sectors of the London market, eased after the opening of the new session on Wall Street. There was some selling of Burmah Castrol after a leading UK house took a new look at the stock.

Among the scattered areas of activity was Pilkington, the flat glass producer, which moved up in early trading as market tales of an impending

bid, perhaps from Hanson Trust or BTR, circulated anew. However, there were no new developments and the activity in the shares died away. In fact, later a line of stock in BTR was placed in the market.

The revival of takeover speculation came after news that William Cook had offered £40m for Telfos, a manufacturer of rolling stock.

The London market is currently suffering from a "buy-ers' strike" ahead of the UN deadline of January 15 for Iraqi withdrawal from Kuwait, and from the steady growth in recessionary news from the domestic corporate sector. according to Barclays de Zoete Wedd, the UK investment bank. But BZW repeats its comment that UK equities are currently at valuation levels which are historically cheap.



Burmah hit by downgrade

A HEFTY profits downgrade by Mr Nick Clayton of Smith New Court's oil team cut the ground from underneath Burmah Castrol, the oil products group which recently won a hard-fought takeover battle to gain control of specialty chemi-

cals group Foseco. Burmah Castrol shares dropped swiftly as news of the downgrade filtered into the market, retreating to 473p at one point before regaining a measure of composure and closing a net 20 lower at 477p. Turnover, minimal for much of the session, quickly expanded during the afternoon and

reached 2m by the close. For 1990 the Smith analyst reduced his forecast of net income from \$96m to \$88.2m. while for 1991 he lowered his expectation from £99m to £78m. While accepting the quality of the Castrol product, you have to make allowances for the deteriorating and gloomy economic outlook for 1991," said Mr Clayton, who pointed out that forecasts for Burmah Castrol had not been altered for some six months because of its bid for Foseco.

Diverse views

There was substantial activity in British Steel after investment analysts expressed contrasting opinions about future profits and dividend prospects. Turnover reached the high level of 6.1m shares as the stock encountered two-way pulls before closing a penny off

on the day at 115p, after 113p. Smith New Court and County NatWest agree that the dividend remains the key. However, Smith is beginning to query the group's avowed policy of a progressive dividend policy as reflected in its privatisation prospectus. Smith believes the dividend could be barely covered next year, even if it is merely maintained. The shares may have downside potential, it added.

County admits that the next six months will be tougher than originally expected for British Steel, and has downgraded profits estimates. But the investment bank continues to hold the view that the group will be able to maintain progressive dividend payments. It remains a buyer of the stock. Expectations also vary

sharply on profits, particularly those for 1991/92, with Smith

forecasting only £263m, previously £322m, and County going for £400m, down from £440m.

Pilkington rise

Pilkington, the glass manufacturer, continued to attract good two-way trade as the mar-ket responded to numerous speculative stories. Initially there were stories that a 210p a share bid from BTR, which holds a 4.08 per cent stake, was imminent. No bid was forthcoming and Pilkington shares, pushed up to 190p at first, receded to close only a net 2 ahead at 187p. Turnover reached 4.2m shares.

One analyst said that if he had to take a stab at a poten-tial predator for Pilkington he would go for RTZ, one of the world's largest mining groups. "They would make a good fit," he commented. BTR is thought to have been adding to its stake, last revealed as 4.08 per cent, and will not have to declare any increase until the holding goes above 5 per cent. There were suggestions yester-day that RTZ had bid BTR for its stake in Pilkington.

Hammerson down

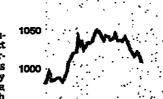
Hammerson, the UK's third biggest property company, was one of the worst performers in the FT-SE 100 in the wake of a sell recommendation from UBS Phillips & Drew and a perception in the market that persistent low trading volume in the stock has undermined the credibility of recent bid talk.

UBS, which has long been positive on Hammerson, was particularly concerned by the company's overseas portfolio. The property markets in Australia, Canada and the US were said to be "in deep trouble". The broker's new net asset value of 915p, cut from 950p, compares with figures of less than £9 from some other secu-

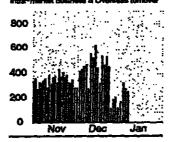
The bid speculation arose from an article in a Hong Kong newspaper in November which said that Hong Kong Land was looking to buy a foreign company.

Hammerson "A" ended at the day's low of 607p, a net fall of 16. Turnover came to 153,000 shares.

FT-A Ali-Share Index



Equity Shares Traded Turnover by volume (million)



lower at 406p. Wellcome makes the world's only approved Aids

treatment, Retrovir. BTR eased 5 to 310p in heavy turnover of 11m shares, largely accounted for, according to traders, by a placing of 5m by Cazenove. The placing was said to be at 305p, the bid price quoted by several houses at last night's close.

Rothmans bounced 8 to 715p in the stock's customary light trading volume. It had fallen steadily from 747p since Jan-

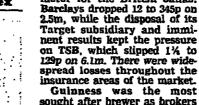
ua<u>ry</u> 2. The 27 per cent fall last month in new car registrations from the previous December was yet a further depressing factor for automotive and kindred shares. Lucas Industries gave up 3 more at 129p, while Lex Service lost 4 to 160p and Avon Rubber a similar amount to 220p. However, a notable exception was GKN, which outperformed not only the motor sector but also most other alpha stocks with an improve-

ment of 4 to 320p. Distributor issues, too, retreated to lower levels as County NatWest said "trading conditions for the motor dealers will only improve when interest rates make a sustained

downward movement". A press feature on the prog-ress made by researchers into Aids drugs left Wellcome 14

The problems sweeping the American east coast banking arena remained a depressing

factor for the British banks.



sought after brewer as brokers continued to recommend switching out of rivals such as Allied Lyons, Guinness firmed 4 to 755p while Allied eased 3

to 474p.
USM-quoted Wilishire Brewery, bought out of receivership six years ago, dropped 18 to 38p after announcing the departure of its managing director and forecasting a loss for the year.

The strongest performance in the electricity discos came from London Electricity, which moved up 3% to 141p after some substantial demand generated by BZW. Turnover in London was a higher than usual 5.9m shares. The Electricity Package briefly dipped below £1450 but quickly rallied to close unchanged on balance at the £1450 level.

Telfos Holdings, a diversified company and manufacturer of rolling stock which said only last week that it could not pay the preference dividend, recovd sharply on a takeover bid. William Cook is offering to exchange shares plus cash for each share of Telfos, which climbed 15 further yesterday to 125p; last Friday they stood at 100p. Wm Cook (5 off at 232p) already holds 6.87 per cent of the Telfos equity.

Glynwed International conceded more ground to 207p, down 4, in the wake of sell advice from BZW, while Carclo Engineering dipped 4 to 115p after warning of deteriorating trading conditions since the close of the interim period, the profits for which were announced on Monday.

Goode Durrant reacted 5 to 78p on news of lower interim profits and a forecast that second half trading would be even more difficult. Norex, the shipping and

insurance group, slipped 12 to 95p after an early mishandled sell order depressed the shares to their lowest level since the begining of December. Astec (BSR) dropped alarm-

ingly to close 5 off at 14p after recent profits downgrades and the replacement of the chief Unilever weakened 6 to 668p

after UBS Phillips & Drew lowered its 1990 forecast by £30m to £1.795bn and cut its current year estimate by £35m to £1.915bn. UBS said increased marketing costs, lower exceptional items and the effect of a weaker pound would lower profitability.

An early burst of interest in Ranks Hovis McDougall pushed the shares 3 better to 305p on speculation that Hanson may be interested in Sunningdale's 28.5 per cent stake. But RHM sagged later in the day and eventually closed 2 lower at 300p. RHM has climbed steadily from 275p following its final results at the

end of November. Tate & Lyle was supported following a meeting with secu-rities analysts and institutional investors. Tate told the meet-ings that it had had a good start to the year, while its US corn syrup operations were performing well. The stock fin-

ished a penny lower at 265p. Asda was a penny better at 118p after 2.2m shares had changed hands ahead of its interim results due today. Analysts expect profits of £55m to £62m, against £83.5m last time. If the predictions are correct, full year forecasts of around £180m may have to be scaled down slightly, analysts said.
A single seller of Carlton
Communications left the

shares 13 lower at 364p. Turnover was a steady L5ml USM-quoted Crown Commo nications, which owns LBC, the London speech-based commercial radio station, and a 20 per cent stake in GWR, the local radio station in the west of England, fell 10 to 41p. Barclays Bank said it had reduced its stake in the company to less than 3 per cent, the level at which such holdings have to be made public.

Sheraton Securities

TRADING VOLUME IN MAJOR STOCKS ### ACC CONTROL OF THE PROPERTY OF THE PROPERY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY OF THE PROPERTY Volume Classing Day's COO's Price change :3 Pagrece

attracted buying from investors in penny stocks. The shares firmed ½ to 1%p as 1.2m changed hands. "It is an interest rate play," explained a

The oil sector paid more attention to the gloomy perfor-mance of international equities than to crude oil markets, where February Brent moved up another 50 cents to trade around \$26.55 a barrel.

But activity in oil shares. Burmah apart, was painfully thin. Turnover in BP failed to reach 1m, a level usually reserved for restricted sessions

such as Christmas and New Year's Eve. BP shares settled 2

Calor lost 5 to 235p in the wake of a profits downgrade by County NatWest. After a visit to Calor, County reduced its estimate of 1990 net income from £31m to £26m, and for 1991 to £34m from £40m. County said the reasons for the downgrade were "depressingly familiar; warm weather (4 per cent warmer even than 1989 and 18 per cent milder than the 20-year average) compounded by a sharp rise in raw material

Shell slipped 4 to 445p on 2.3m shares in spite of good support generated by a buy recommendation issued by Hoare Govett. Mr Nick Antill at Hoare rates Royal Dutch/ Shell, whether stock is held in Royal Dutch or Shell Transport, as the core holding for the industry, and recom-mended that the stock should be the largest part of an investor's exposure to the oil sector.

■ Other Market statistics, including the FT-Actuaries share index, Page 22

NEW HIGHS AND LOWS FOR 1990/91

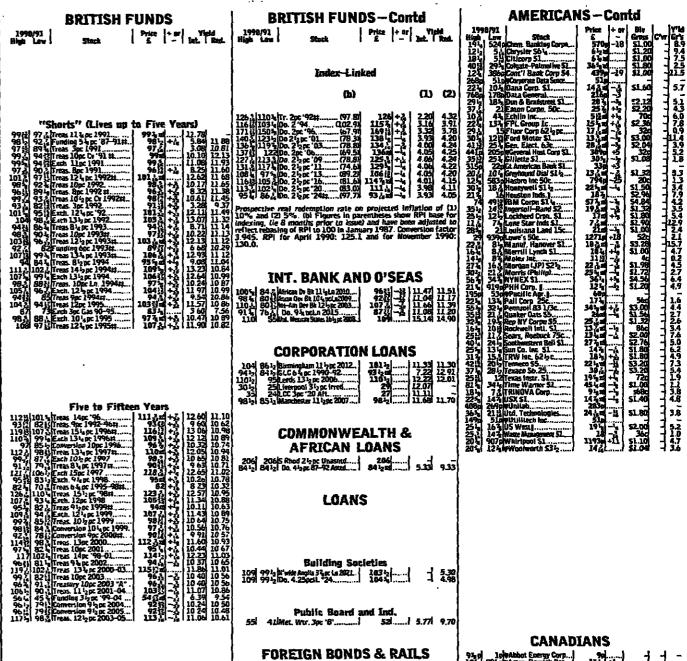
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LONDON SHARE SERVICE

Based on trading volume for most Alpha aucurities dealt through the SEAD avaters vesterday until 4,30pm



Non-executive directors of

NATIONAL WESTMINSTER BANK has appointed as non-executive directors Mr Graeme A. Elliot, executive vice chairman of Slough Estates, and Sir Brian Hill, executive chairman of Higgs and Hill

NatWest

THE FOREIGN AND COLONIAL INVESTMENT TRUST has appointed Lord Rockley and Mr A.C. Barker to the board. Lord Rockley is vice chairman of Kleinwort Benson Group, and Mr Barker is director, North American investments, at Foreign & Colonial Management.

Mr Roger Williams has been appointed deputy managing director and financial director of TUBULAR EDGINGTON. He is a director of Roundel Exhibitions, and MSE (International), which have been acquired by Tubular.

ERNST & YOUNG has appointed Mr Tim Curry as partner in charge of the business management practice.

CAIRD GROUP has made the following changes. Mr John Ashton, a non-executive director, has been appointed non-executive chairman. Until his retirement in 1989 he was group finance director of Coats Viyella. Mr Lionel Ross hecomes a non-executive director at Whitbread. Mr Steven Hynes has been appointed director, special waste division, Caird Environmental.

STOY HAYWARD bas appointed Mr Stephen Davis and Mr Gervase MacGregor as partners.

SACH AND PARTNERS, City-based aircraft financing specialist, has appointed Ms Ann Wilcox as a senior manager with responsibility for the foreign exchange and swaps aspects of financings. She was with Morgan Guaranty Bank.

LTG, part of the JOHN LAING GROUP, has appointed Mr Robert W. Hamnett as director of design, LTG Northern, Manchester. He was general manager and is succeeded by Mr Steve Thomson who was principal structural engineer.

Mr John Spanswick, managing director of BOVIS CONSTRUCTION'S T division, has been appointed managing director of Bovis Urban Renewal. Both companies are owned by P&O.

The NATIONAL APPROVAL COUNCIL FOR SECURITY SYSTEMS, which will regulate installers and began operations on January 1, has appointed Sir Lawrence Bylord as chairman. He was chief

inspector of constabulary. Mr Michael Vann becomes chief executive. He was director general of the national Supervisory Council for Intruder Alarms.

■ Ms Serena Sutcliffe has been appointed director of SOTHEBY's wine department.

Mr Nicholas Gordon John Sharp becomes deputy chairman of DUNCAN LAWRIE.

Miss Suzie Procter has been appointed head of international fixed income at MIDLAND MONTAGU ASSET MANAGEMENT, Miss Dinah McKenzie becomes responsible for European equity investment, succeeding Mr Tom Grendale who has retired.

 Miss Christine Holdroyd has been appointed a non-executive director of ANGLIA TELEVISION. She is a personnel and industrial relations consultant.

 DEN NORSKE BANK, London branch, has promoted Mr Ronald Thurlow, head of equity sales and trading, to deputy general manager. Mr Dimitri Antonatos, senior member, shipping department, and Mr Robert Barber, head, credit services department, are promoted to director.

 CASIO ELECTRONICS CO has promoted Mr John Cowling to marketing director from marketing manager; and Mr Clive Rodwell to sales

director (ECR division) from sales manager. Mr Bryan Weston has

become chairman of THE NATIONAL GRID HOLDING. He remains chairman of Manweb.

m Mr Roland Green, for 30 years managing director of ROLATRUC, has been promoted to deputy chairman. He is succeeded by Mr Dan Hoij, a Swede, who moves from Canada where he was executive vice president of BT Systems Inc.

J.H. MINET & CO has appointed Mr Patrick Miller as deputy managing director of the North American property and energy division.



BAXTER OF SPEYSIDE, soups and pickled beetroot maker, has appointed Ms Audrey Baxter (pictured) to the board.

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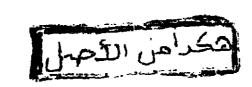
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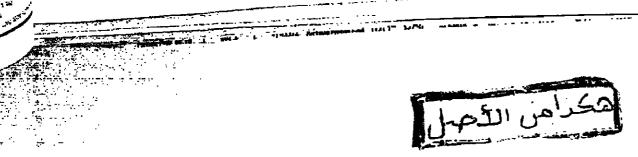
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Guide to pricing of Authorised Unit Trusts

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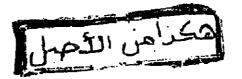
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Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128



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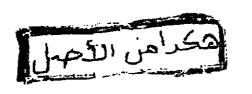
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CURRENCIES, MONEY AND CAPITAL MARKETS

The D-Mark continues to be

depressed by concern that Ger-

man unity will prove expensive and may involve heavy borrowing by the Bonn government. Worries about the stability of the Soviet Union, following news that Soviet

paratroops are to be sent to the

Baltic republics and the Ukraine, also tended to under-

mine confidence in the D-Mark.

The German currency declined to Y89.05 from Y89.15 against the Japanese yen, but remained well above technical support at Y87.50. At the Paris

support at Y37.50. At the Paris fixing the D-Mark rose modestly to FFr3.3941 from FFr3.3900, but at the London close had slipped to FFr3.3905 from FFr3.3945.

In Milan the Bank of Italy did not intervene when the D-Mark improved to L751.40 from L751.17 at the fixing but

from L751.17 at the fixing, but by the close it had retreated to L751.20 from L751.70.

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EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT - FORWARD AGAINST THE POUND

LIFFE LONG COLT FUTURES OPTIONS 650,000 640s of 100%

FOREIGN EXCHANGES

Dollar's advance halted

overall, but was not the weak-

est member of the European

Monetary System. Data from

the European Commission indicated that the pound had moved off the bottom of the

EMS exchange rate mechanism for the first time since early

It was replaced as the weakest member in the ERM by the French tranc, and was also

slightly above the Danish krone, but there was little dif-ference between these curren-

cies or the Italian lira. A recent weakening of the D-Mark has helped to reduce pressure

within the system.
At the London close sterling

was unchanged at \$1.9060 and DM2.9200. It fell to FF19.8975

from FFr9.9150, to SFr2.4550

from SFr2.4925 and to Y260.00 from Y260.50, but the pound's

index firmed 0.1 to 93.9. Sterling finished in New York down a cent at \$1.8960.

133.631 42.4032 2.05586 2.31643 0.767417 1538.24 0.696904 7.84195 6.89509

MARKET speculation that the US Federal Reserve may have eased its monetary stance contributed to a halt in the dollar's recent advance yesterday. It was not immediately clear whether the Fed had taken a decision to ease, but the fact that there was no action on the New York money market, on a day when the Fed was generally expected to drain liquidity, raised the possibility of a credit again.

credit easing.
Federal funds were trading rederal funds were trading at 6% per cent at the time when intervention by the Fed had been expected, but then slipped to 5% per cent on lack of action by the authorities.

Fear of war in the Gulf con-

tinued to prevent any move out of the dollar and helped to leave the currency little changed at the London close, in spite of doubts about the US economic situation.

Trading was nervous ahead of today's Geneva talks, aimed at avoiding conflict in the Gulf, between US secretary of state James Baker and Iraqi foreign minister Tareq Aziz. In London the dollar eased to

DM1.5315 from DM1.5325; to Y136.40 from Y136.65; to SFr1.2875 from SFr1.2915; and to FFr5.1925 from FFr5.2025. On Bank of England figures its

index dipped 0.1 to 62.0. Sterling was little changed									
£ IN NEW YORK									
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† European C	ommission C	alculations.	1
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OTHE	R CUR	RENC	IE\$
Jan 8	£		\$
Argentina Autoralia	10704.5 - 1 2.4480 - 2	0729.0562 4500 1.2	0.00 - 5630 850 - 1.28
Brazil	73125 - 3 73125 - 7	39.025 177 0285 3,6	600 - 177. 850 - 3,68

Jan 8	£	\$
Argentina	10704.5 - 10729.0	5620.00 - 563
Australia	24480 - 24500 1139 275 - 339 /25	12850 - 126 177,600 - 177
Brazil Flatand	7 1155 - 7 0285	14850 14
Greece	304 100 - 308 950	
Hose Koss	h4.8480 - 14.8615	
rag	125.70	64.10°
Keres(Sth).	. 1355.50 - 1377.35	
Kengit	N/A	
Malaysia	50.20 - 60.30 5 1865 - 5 1955	31.55 - 31.0 27735 - 27
Mexico	. 31000 - 31745	2123 - 21
N.Zeakard	32100 - 32150	17850 . 17
Saudi Ar	7.1080 - 7.1495	3.7490 - 3.7
Singapore	. 3.3470 - 3.3545	1.7580 - 1.7
S.Af (Cm) _	4 9230 - 4,9355	2.5840 - 2.5
S.Af (Fn)	. 6,4375 - 6,5485	3.3785 · 3.4
Taiwan	51.75 - 51.90 6.9620 - 7.0025	27.15 · 27.1 36720 · 36
W.F	. 4.7020 - 7.002	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

MONEY MARKETS

RATES WERE generally steady on the London money market yesterday, but longer term funds had a slightly firmer tone, as attention remained focused on the situation in the Gulf

tion in the Gulf.

tion in the Gulf.

Three-month sterling interbank was unchanged at 13\frac{1}{2}.

13\frac{1}{2} per cent, while 12-month money rose slightly to 13-12\frac{1}{2} per cent from 12\frac{1}{2}.

Short sterling had a weaker tone on Liffe, as recent remarks by UK officials have dampened hopes of any early cut in UK bank base rates.

UK clearing bank base leading rate 14 per cent from October 8, 1990

The March contract opened

firmer at 87.18. This was the day's high, with it falling to a

Detch Galido Suriss Franc. D-Mark. French Franc Hallan Ura. Beigian Fran Yes. Danish Kron Aslan SSing.		64 - 64 115 - 11 95 - 9 94 - 92 10 - 93 13 - 11 10 - 94 10 - 7 10 - 7	74 115 94 84 10 12 10 81 74	-75 -97 -87 -93 -11 -93 -10 -73	78 - 7 113 - 11 93 - 9 83 - 8 104 - 9 124 - 11 10 - 9 81 - 8 104 - 11	7 11 11 91 92 10 10 10 10 10 10 10 10 10 10 10 10 10	74 94 94 194 194 194 104 7	75 - 7 114 - 1 912 - 9 84 - 8 95 - 1 102 - 1 103 - 7 103 - 7	10 10 10 10 10 10 10 10 10 10 10 10 10 1	13 - 12% 7% - 712 13 - 103 9% - 9% 84 - 8% 84 - 8% 84 - 9% 15 - 10% 15 - 10% 16 - 99 17 - 7% 8 - 7% 8 - 7% 10% 10% 10% 10% 10% 10% 10% 10
		EX	CHA	NGE	CRC	SS I	RATE	S		
Jan 8	£	[5	DM	Yes	F Fe.	S Fr.	H FL	Ura	CS	B Fr.
\$	1	1906	2920	260.0	9.898	2.455	1.290	2193.	21%	60.25
	0.525	1	1532	136.4	5.193	1.288	1.725	1151	1.152	31.61
AEM	0.342	0.653	1	89.04	3.390	0.841	1.127	751.0	0.752	20.63
DRI	3.846	7.331	11.23	1000	38.07	9.442	12.65	8435	8.446	231.7
F Fr.	1.010	1,926	2.950	262.7	10.	2.480	3.324	2216	2219	60.87
S Fr.	0.407	0.776	1.189	105.9	4.032	1	1.340	893.3	0.895	24.54
H FL	0.304	0.579	0.888	79.03	3.009	0.746	1	666.6	0.667	18.31
Lira	0.456	0.869	1.332	118.6	4.513	1.119	1.500	1000	1.001	27.47
C S	0.455	0.868	1.330	썞	4.507	1.118	1.498	998 6	1	27,44
B Fr.	1.660	3.163	4.846		16.43	4.075	5.461	3640	3.645	100.
	US Doffer-Con Delar Con De	US Deflar Con. Dolkar Doth Galilder Sarts Frant D-Hark French Frant Eallan Lira Belgkan Frant Yen. Danish Kronn Aslam SSing Long term Eurodollans 8.3-8.2 per cent nom Jam 8 £ £ 1 5 0.525 DMI 0.342 YEN 3.846 F Fr. 0.407 H FI. 0.304 Lira 0.455 6.5 0.455	US Doffer	St. St.	US Defar	Stories	St. Defar	Stocker	St. Defar	St. Delar 11-11-11-11-11-11-11-11-11-11-11-11-11-

	<u></u>							4		 -	ì
US Capada Repheriants	1.897 2.189 3.293	0 - 2.197(5 <i>- 3.</i> 300(1 1 3 ZX	0 3.29	S "	09-1.07a 49-0.40a 11 ₂ -11 ₄ a 22-17a	- 145	} L	90-2.85pm 41-1.25pm 31-31-pm 57-50pm	365	Esti Pres
Belgium Desmark Ireland Germany	11.239 1.088 2.915	5 - 11,28 5 - 1099 0 - 2926	5 11.27 1 1.09 2 91	55 - 1.09 75 - 2.92	25 3	22-170 14-314 ares 33-0.280 14-114 off 99-580	m 36	ی ا	37-30911 9-81 ₉ 911 70-0,60911 31 ₉ -27 ₉ 911 66-1101	230	THE
Portugal Spain Italy	260.4 184.2 2191.9	i - 145.30 i - 2199 i) [184. 5 2192	90 - 184 (75 - 2193	50 25	par- 1 ₈ co 4-21 km²	ÉS (1.64 m (1.64	}{	4-50b	-901	Mar Jun
Horway France Sweden	9 892 10 872	5 - 9.927(5 - 10.90(9.89	25 - 9.90 5 - 10 9	(A)	4-24mm 34-34m 4-4mm	16 [-U.O		6-5-կրր 8-1-8-կր 2-1-2-ի	3.33	Jun Sep Dec
Japan Austria Seriusriand	258.8 20.5 2.450	5 - 20.60 D - 2.4640	20.	25 - 20.66 30 - 2.46	1 J &	11/2-11/25 12/25/25/25/25/25/25/25/25/25/25/25/25/25	18 6.U	22	35, 35,00 5-195,00 3-25,00 08-1.0300	4.08	Jen Sep Des
Commercial 9,10-8,90q	rates tak	o Lonards		70 - 1.4 <i>Li</i> of London				<u>, </u>	00-1.029ii	1 2 70	Jun Sep Des
											Est
DOLL		POT					NSI 1 %		DOL	LAR T%	Presi
Jæi 8	- 5			Close		e mosty	9.2.	m	potis	på	
relandt relandt	1.8975 1.7360 1.1505	- 1.7450 - 1.1540	1,744 1,151	5 - 1.906 0 - 1.745 5 - 1.152		19-1.07cp 1-0.45cp 40-0.43cd	- 1 - 2 70	1	0-2.85pm 7-1.47pm 13-1.08ds	6.03 3.49 -3.66	Uar
letherlands Jefgfum Jesmark	1,7250 31,55	- 31.75	1.725 31.5 5.915	0 - 1726 5 - 3165	이 말	25-0.30ed 50-7-50ed -1-50ered	k 1-247		23-0,88dls .0-20,0dls 25-4,55dls	-1.98 -2.28 -2.87	June.
ernany Portugal	5.9080 1.5290 1.37.15	- 137.45	153	- 1332 - 1372	ខ្ពស់	9-0.21 ₀ 1d 35-50 cd	計場	1 %	97-0.70dis 80-210dis	-1.79	Sep Dec Nazr
ealn taly tenere	96.80 1149.50 5.9940	- 1157.91 - 6.0300	96.8 1150.2 6.000	0 - 96,90 5 - 1150 0 - 6,005	75 410 125	59-63cd -4,600/ed -2,200 ccd	s -4.54 s -4.05	12	62-173ds 0-13,0ds 5-6,15ds 13-3,43ds	-692 -435 -393	Jun Sep Dec
lorwy 1952 weden	5.1900 5.7075	- 5.2300 - 5.7360	5190 5715 1363	0 - 6,005 0 - 5,195 0 - 5,720 5 - 136,4	1 2	10-1_15af _3 55well	티국워	1 04	LIN OF His	-2.60	Est. Prov
lapan Lestria Onitzeriand .	135.90 10.7750 1.2365	- 12980 - 12980	5 10.775 1.287	0 - 10.78 5 - 1.288	0 i 0	14-0.05yd 50-1.95cd 16-0.19cd	K 1—1.63	4.3	14-0 15ds 10-5-50ds 10-0.45ds 17-0.91em	-044 -182 -132	 _
ommercial	1.3370 rates, take		1343			UK. trela		U are ou	7-0.91pm sted in US	280	THI
ommercial Forward pre- posta on 7.	1,91,97.4	discounts 0-97.50	apply to t	pe fig qui	ar and cot	to the ind	inidaal car	racy.°Co	reci, rate fi	e Spanišh	Mar Sen
	Ę	RQ-0	URF	ENC	Y IN	TER	ST	RATE	S		Jun Sep Dec Ma
,Jan	<u> </u>	Short term	_ { _`*	Days otice	Cose Month		Three lands	Six Monti		One Year	Seb Till
Sterling US Dollar Cae, Dollar		134 - 13 64 - 64 115 - 11	1 1/2	11,	141 - 14 78 - 7 113 - 1 95 - 9		湯	.75 - 7	3¼ 1 0% 10	13 - 123 74 - 71 ₂ 14 - 104	Esti Pres
Detch Galida Sariss Franc.	-	95-9	91 94	·	91 - 9 81 - 8 9 - 87		- 34	91 ₂ - 9	•	93 97. 84 - 84	"
D-Mark French Fram Kalian Ura		84 82 10 93 13 11	10	- 85 - 83 - 93 - 11	101 - 9 124 - 11	101	96 88 93 10 11	912 - 9 87 - 8 95 - 9 102 - 1	<u> </u>	74 - 75 194 - 194 194 br>194 - 194 194 194 - 194 194 194 194 194 194 194 194 194 194	調
Belgian Fran Yen Danish Kron		10 - 93 101, - 1		- 93 - 8 - 10	10 - 91 84 - 8	1 12	- 104 - 104	102 - 1 125 - 1 101 - 7 105 - 1 72 - 7	1	21-72	N ₂
Aslan SSlag.		72 - 73	74	· /*	74 - 7	74	72	72 - 7			Jon Sep Det
Long term E 84-84 per	erodollars cent. nom	two years leal. Short	8-7% per Lenn rati	cent; thre is are call	rears 84 for US D	otters and otters and	st; four ye Japanese	sers 83 ₁ -8 Yen; othe	la percest; rs, two de	The years actice.	Esti Pres
		EX	CHA	NĢE	CRC)\$S	RATE	S			<u>न</u> ु
Jæ 8	£	5	DM	Yes	F Fe.	S Fr.	H FL	Ura	C S	B Fr.	==
\$	1 0.525	1906 1	298	260.0 136.4	9.898 5.193	2.455 1.288	1.290 1.725	2193. 1151	21% 1.152	60.25 31.61	Just Sep
YEN -	0.342 3.846	0.653 7.331	1 11_23	89.04 1000	3.390 38.07	0.841 9.442	1.127 12.65	751.0 8435	0.752 8.446	20.63 231.7	Estin Presi
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Shalana a										. —	
Strike	Calls-sett		Purs-settle		Strike Procé	Cally-settle Max	einenis Jos	Pots-settle	Jun		ike kor
Price 86	Mar 3-62	Jun 4-58	Mar 0-26 1	Jua 0-58	91	4-31	4-44	0-37	1-16	80	50
87	3-10 2-26	4-12	0-26 0-38 0-56 1-15	1.12 1.36	92 93	3-43 2-59	4-02 3-27	0-49 1-01	1-55 1-65	81 81	
86 89	1-5L	3-35 2-62	1-15	1.35 1-62	94	2-16	2-57 2-26 1-63		4-67	82 82	00
96 91	1-18 0-57	2-28 1-63		2-28 2-63	95 96 97	1-45 1-13	16	1-49 2-19 2-58	2-62 3-35	83	100
92 93	0-40 0-27	1-38 1-17	3-04 3-55	3-38 4-17	97 98	9-52 9-35	1-39 1-19	2-58 3-41	3-35 4-11 4-35	83 84	
Estimated Previous da	volume tos sy's open unt	al, Calls 3. Calls 127	113 Parts 20 78 Parts 120	56 25	Estimated Previous di		nateľ (jes da				
LIFFE EU	NONARK G	PTRINGS			LIFFE EX	LIFFE SHO CS60,080					
Strike	Calls-sext	entents	Puts-settle	antois Jan	Strike Price	Calls-settle	Jue.	Puts-settle Mar	ements, Jest	Pr	ike ice
Pnce 8950	0.98	113	0 02	0 07	9175	0.89	1.05 0.83	0.02 0.04	0.05 0.06	86 85 86	25
8975 9000	0 76 0 55	0 92 0 72	0.09	0 16 0 11	9200 9225	N 44	0.62	0 07	0 12	<u>96</u>	ĩ
9025 9050	0 36 0 2L	0.54 0.38	0 15 0 25	0.33 0.32	9250 9275	0.27 0.14	0.36 0.30	0.27	0.19 0.30	87.	25
9075 9100	011	025 015	0.40 0.60	0 44 0 5 9	9300 9325	0.03	0.18 0.11	0.45 0.66 0.90	0.43 0.61 0.82	8/3 87	75 75
912\$ Established	0.03 	0.09 - Calle 10	0.82 068 Puts 1.3	0 78 U 7	9350 Estimated	0.02 volume total	0.07 J. Calls 14			88 Estir	ou ngtêd v
Previous da	y's open in	Calls 107	16 Pus 126	74		volume total 19's Open int.	Çalis 2684	Pots 1994	•	Presi	igans da
	ON CLIF				CHICAL ILS. TREA	GU Sury Boko:	S KEETS &			JAPA	NESE
20-TEAX 250,000	9% NOTED 32mm of 10	15%			\$100,000	Cinco	74	Low	Pres.		5ee 5 p
Na.	Close 99-18 90-00	High 90-20	89-18	Prev. 90-05	Mar Jus	94.20	High 95-20 95-05 94-17 94-00	64_10	Pret. 95-04 91-22	يوني جوال	
Ş e b Je⊾	40-10 40-00			90-05 90-19 90-29	Sea	94-05 93-22 93-07 92-25	94-17	94-22 93-23 93-23 92-23	94.07 93.25 93.11	Šep Dest	
Estimated	volance 25	461 (1478	.		Dec Mar Jun	92-25 92-11	93-13	92-25	93-11 92-29		
Previous d	lay's open is	at. 27267	(26920)		Sea	91.30 91.18	:		92-16 92-04	BEUT	25.00M
US TREAS	JEY BOND	6.8%			Dec. Mar	41-10	=	=	72-07		
	32mts of 1	90%			Jun Sep	:	:	:	:	حيلة الفر	
War	Glose 94-29	42-T3 Hida	Low 94-28	Prev 95-12 94-29						Jen Sep Dec	
Jun Seo	94-14 94-01			94-29 94-16	U.S. TREA Sim points	SURY BILLS of 108%					
Estimated Decision of	volume 19 lay's open in	94 (3704) • 6074 P	58921		Mar	Close 93.97 94,20	High 94.00 94.23	13.89	Prev. 93.90 94.10	THR	E-MAX points
					Jun Sep	94 05	94 U1	94.09 93.95	94.10 93.99 93.74	Mar	
6% NOTE	MAL GERN 0 180ths o	IAN GOVT. 1 180%	BOND	_	Dec Mar	93 78 93 63	93.84 93.63	:	93.60	Jen Sep	
	Close	High 82.31	Low	Pres.	Jun	93.40	-	-	93.40	Dec Mar	
<i>ikar</i> Jun Seo	82 11 82.27 82.34	82.31 82.42	81 83 82.10	81.98 82.13 82.20						Jun Sep	
	volume 35	WA (3515	1)	-	CHARGE ETB	ANC (MIN)				Dec	DARD
Previous d	ay's open it	r. 72831	(735A3)			SF1 SF1					times
6% NOTE	WAL LONG	TEPM JA	PANESE G	λτ.	Mar	Close 0 7688 0,7666	High 0 7752 0,7726	0.7684 0.7664	Pres. 0.7714 0.7692	Mar Jos	
EDRO ATO	Ora 190tts Close	ef 100% Klob	Low	Prev.	Jun Seo Dec	0.7646 0.7632	-	0.7660 0.7650 0.7635	0.7672	Sep	
1427 1440	95.58	95.70	95.40	95.69	¥ar	<u> </u>	_ :	-		_	
	eolume 88	WT7			PHILADEL	PHIA SE E/S	OPTIONS				
	ay's open in		.09			erts per £1)		Calls			
THREE M	HITH STER	LING			Strike Price 1.825	Jan 690	Feb 7.15	ı N	lar 41	.Jun 8.08	Ja
£598,880	points of I				1.850 1.875	4 45 2 30	5.27 3.66 2.52	4. 2. 2.	6 <u>1</u>	6.48 5.15	0,4
Mar	Close 87.04 88.02	High 87 18 88 16	87 OL 87 99	Prev. 87.13 88.11	1.900 1.925	0 88 0 28	255 171	Ž	94	4.05 3.14	14 3.1
Jun Sep Des	88 66	88 70	87 99 88 58	88.11 88.64	1.950	0	1 07	1.	53	2.39	3,4
Dès Mar	88.83 88.96	88 91 88 97	88.81 88.90	88.85 88.91	1.975 Previoss da	0.02 y's open int:	0.57 Catts 284	188 Put	340,380	1.89 W. Lourn	7.8 encies)
lan Seo	88.83 88 90 88 83 88.77	88 90 88 88	88.81 88.80	88.84 88.78	Previous da	y's volume.	(네) 21,6	87 Pats 3	1,766 G	All current	is)
Dec Dec Mar	88.77	88 84	88.79	88.78	10 YEAR	A% HOTEL	ENT ESEA	28 80No	MATIE	HITIDE	
jan	88 85 88.95			88.86 88.%	25 1ENK			Close			
Sep Des	88.95 88.95			88 % 88.%	March	9	Open 19.90	100.02 100.24	-0. -0. Crea	6	High 100.25
st. Vol. 0	nc. Rgs. no	t shown) 4	5779 (4620	2	June September	16	0.10 0.00	100.18	-0.		L00.42 L00.18
revious da	y's open io	L 118477	(<u>116</u> 275)		December Eşlimated	volume 68,5	43 Total (lpen Intere	st 79,720	,-	-
THREE MA	WITH EDIRO	BOLLAR			OPTION OF	LONG-TEX	I FRENC				
Var	Close	High 92.65	CO AL	Prev.	Strike		March		ais June	Sept	
Jus Sep	92.62 92.75	92.78	92.61 92.74	92.65 92.78	98 99		-		:		:
Sep Dec Mazr	92.37 92.37	92.69 92.39	92.66 92.38	92.70 92.39	100 101		1.94 1.29 0.80	•	47		:
)ua	92.26 92.02	92.28	92.27	92.28 92.04	102 103		0.47 0.27	3	L47 L14 124		
Sep Dec	91.81 91.58			91.83 91.60	Open Int.	rolusse 46,7	144,267	28.	444	3,450)
Est. Vol. G	ac. Flas. no	t shown) 7	405 Œ788)						_ <u>-</u> -		
Previous da	y's open in	33104 (32330		THIEE-IE	MAN PIBOR	- CALUMES	WATES		ericanik eff	00 N

FINANCIAL FUTURES AND OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS \$180,000 64th of 100%

THREE N	OCETA EURO Wints of 190	<u> </u>			June September December	89.74 89.81 89.83	89.74 -0.0 89.82 -0.0 89.83 -0.0
Mar	90.46	11gh 90.54	90.44	Pres. 90.50	Estimated volume		pen latterest 21,511
Jun Sep Dec	90.56 90.69	90.62 90.74	90.68 90.68	90.60 90.71	CAC-40 FUTURE	S (MATHF) Stoc	k ladez
May Jun	90 79 90,94 91,07 91,10	90 83 90.98 91.10	90.78 90.98 91.10	90.81 91.00 91.08 91.10	January February	Opes 1480.0 1491.0	Close 1514.0 1522.0
Sep Dec Estimates	91.10 d volume 155 day's open in	70 (1266) £ 72746 (9) (72304)	91.10	March June Estimated volume	1501.0 6,626 Total 0	150L0 pen laterest 7,342
ł						ВА	SE LEN
ECU 1m	MATH ECU points of 186	**					 -
Mar Joh Sep Det Estimater Previous (Close 89, 37 89,69 90,00 4 yokuwa 176 day's open in	High 89.45 89.85 (176) L 1294 (1	109 99.35 89.68 89.68	Pres. 89,49 89,82 90,13	ABM Bank	14 ank	Co-operative B Coutis & Co Cyprus Popular Dauhar Bank P Dencan Lawrie Eggatorial Ban Exeter Bank Li
FT-SE 10 £25 per f	ê 1198ê). _M il index pok	4			Bank of Banco Banco Bilbao Bank Cresik &	Vizazya 14	First National
Mar Jun Sep	2138 0 2171 0 woman 481	High 2147.0 2170.0	2120.0 2161.5	Pres. 2146.0 2179.5	Bank of Cypre Bank of Irelan Bank of India Bank of Scotla	5	Robert Fraser & Girobask © Guinness Mako

ar	Det	,			
275 CE.	Estimated w Previous day	okume 178 i 's open int.	176) 1294 (12	2503	
_	FT-SE 198 1 925 per full				
5			High 2147.0 2170.0	Low 2120.0 2161.5	Prev. 2146.0 2179.5
3	Estimated wo Previous day	igme 4811 's open int.	(3443) 2423) (2	3399)	
7	POUMB-S (F	OREIGN EX	CHANGE)		
;	Seel 1.9060	I-mtk. 1.8952	3-时b 1.8772	6-mth 1.8535	12-mth. 1.8160
-	IMM-STERL	NG Ss per l			·
_	Mar Jen Seo	Close 1.8746 1.8494 1.8284	High 1.8868 1 B518 1.8400	Low 1.8816 1.8470 1.8260	Pres. 1.8808 1.8564 1.8358

Close 89.65 89.74 89.82

-0.05 -0.05 -0.02

BASE LENDING RATES

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15 NO TO THE STATE OF THE STATE	

LIND-WALDOCK & COMPANY

Money Market Bank Accounts 9.36 10.14 Althon Hume Bank pic 30 City Rand, ECLY 2AV Tressey Acc. 12 SA clays Prime Account H.L.C.A. brown Shipley & Co Ltd conters Court, Lathleyr, London Khiery, Loreton EC2 071-405 right & Co Lite

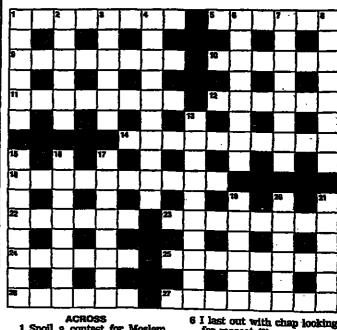
CROSSWORD

JOTTER PAD

RAPE TO SERVICE TO SER

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No.7,437 Set by TANTALUS



ACROSS 1 Spoil a contest for Moslem

hermit (8) 5 Rank condition (6) 9 Does harp get played by poetry reciter? (8) 10 Warns that slater is work-

ing (6)
11 Branch of maths might be

grey to me (8)

12 In a word, a void (6)

14 Gingerbread at Westminster? (10)

18 Meeting a pair talking (10)

22 Beat boy back as usual (6)
23 "The grand — of the realms of rhyme" (Byron)

24 Worker joins the Spanish

composer (6)
25 Medico first to river where there's humidity (8)
26 Doctor has the close-fitting

case (6) 27 Increasing credit points to

15 A container shut with diffi-15 A container shut with dim-culty due to shrub (6) 16 Not out on border to break the law (8) 17 Rebellion leader in hollow is immoral (8) inemoral (8)

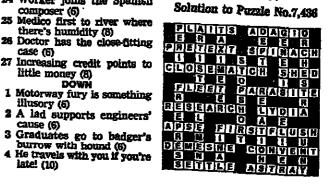
19 Lifts this so awkwardly! (6)

20 Decline rubbish (6)

21 Lay out capital for fashionable undershirt (6) Solution to Puzzle No.7,486

for mascot (8)
7 Number accept heart transplant menace (8)
8 Questions alleged culprits

13 Negro is sullen on a heath



Re

PARIE SUDAPEST formished a Secretaria

Tel London

Brame U.S.A.

low of 87.01, stabilising slightly above a technical resistance point of 86.95. March delivery then rebounded a little to finish at 87.07 compared with 87.13 previously. Day-to-day credit was in short supply on the London money market. The Bank of England initially forecast a shortage of £900m, but revised

this to £1,200m at noon and to £1,250m in the afternoon. Total assistance of £1,191m was provided. An early round of help was offered and at that time the authorities bought

Rates little changed £109m bank bills in band 2 at 13% per cent. Before lunch another £719m bills were purchased, by way of £83m Treasury bills in band 1 at 13% per cent; £66m bank hills in band 1 at 13% per cent; and £570m bank bills in band 2 at

Yea per 1,000; French Fr. per 10: Lira per 1,000; Seiglas Fr. per 100.

13% per cent.
In the afternoon £263m bills were bought, via £284m bank bills in band 1 at 13% per cent and £79m bank bills in band 2 at 13% per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £212m, with Exchequer transactions absorbing £725m and bank balances below target £160m. These outweighed a fall in the note circulation adding £200m to liquidity.

In Frankfurt call money rose above the Bundesbank's 8.50 per cent Lombard emergency financing rate, climbing to 8.55 from 8.50 per cent. The German central bank offered liquidity to the money market via a 28-day securities repurchase agreement at variable bid rates. This was to offset DM30.8bn draining from the market today as an earlier

facility expires.

In Brussels the Belgian National Bank cut the rate on one-month Treasury bills to 9.85 from 9.95 per cent, but left three-month bills, the main instrument of credit policy,

10.4 3.6 Beung 20 wat, and are a large and are a large 18.5 (Blend, 20 and and are a large and a l

Total		reasury bins and bonos											
ome rate Averloan rate Livads Livads Livads at Intervention	. 9% TI . 9 SI . 4% Or	ree month ree month x month re year		5.93 Three year 7.36 6.59 Four year 7.61 6.22 Five year 7.74 6.72 Seven year 8.03 6.74 10.4 year 8.03 7.13 30-year 8.36									
Jan.B	Oversight	One Month	Two Months	Three Months	Siz Montits	Lomberd Intervention							
1		8.90-9.00 81-81 9.35-9.45 81-81 81-13 91-10 11-11	9.00-9.15	9.15-9.30 85-8-8-9 9.50-9-6-9 84-8-13-13-13-13-13-13-13-13-13-13-13-13-13-	9.25-9.40	8.50 9.25 - - -							
	LOND	ON MC	MEY	RATI	ES								
Jan 8	Oversigh	7 days notice	One Month	Three Months	Six Months	One Year							
crhank Offer cerbank Bid cerbank Bid cerbank Bid cerling CDs. call Asthority Dess. call Asthority Roads Scount Mix Dess major Deposits Bid Company Deposits Bid Stay) and Bid Sey) and Frade Bid's (Buy) and Bid's Linked Dep. Bid	5 254	14 134 237 137 	141, 144, 144, 144, 141, 134, 134, 144, 7.57, 85, 104, 104, 104, 104,	1314 1314 1314 1314 1314 1314 1314 1314	13-2 13-3-2 13-3-2 13-3-3 13-3-3 12-3-3 12-3-3 10-3 10-3 10-3 10-3 10-3 10-3 10-3	13 123 123 123 123 123 13 13 7.55 84 104 104 104 105 105 105 106 105 106 106 106 106 106 106 106 106 106 106							
Stary Bills (sell): one-month 13 H, per cent; three months 13 H, per cent; als months 13 h, per cent; three months 1.2 h, per cent; three months 1.2 h, per cent; three months 1.2 h, per cent; treesury 61 list; one tender rate of discount 1.3 (1762 g. £ £ £60 F Fleet Raps Sterling Export Finance, Make up December 31, 1990, Syreed rates for period Jan 26, 1991 to Feb 25, 1991, Scheme I: 14.54 per cent. Export of the star of													

FT LONDON INTERBANK FIXING

The fixing rates are the arithmetic means rounded to the searest one-sixteenth, of the bid and offered rates for \$10 or contest to the market by five reference banks at \$1.00 a.m. each working day. The banks are figured Westminster Bank, Bank of Tokyo, Destroice Bank of Bank of Tokyo, Destroice Bank of Tokyo, Destro

MONEY RATES

QLLOD a.m. Jan.80 3 months US dellars

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Wang & Calls

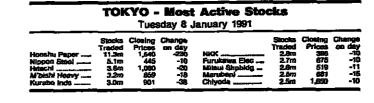
WORLD STOCK MARKETS

				V	ORLD	STOC	K
	AUSTRIA Sansary 8 Sah + 8r	FRANCE (continued)	SERMANY (continued)		· · · · · · · · · · · · · · · · · · ·		_
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٠.	Greinkanstalt 2850 70 Erste Allgeomine 15,000 15,00	+ Da	BHF-Bank 377 -1 Billinger & Berg - 760 -12	Sela BPD	AGA B (Free) Affa-Latal B (Free) Asea B (Free)	251 -9 163 -12 455 -13 460 -10	
-	1 25 25 25 25 25 25 25	CLIP CTS -15 CLIP CTS Parkaging 99 -16 Canelow 3250 -37	Do. Pref	Tesi France	Astra & (Free) Astra B (Free) Atlas Capca A (Free)	450 -15 151 -4 157 -2	
	Verbund (Br) A 560 -29	Cetalem 128 -0.3	Dictar	NETHERLANDS January 8 Fts. + or -	Exertie 8 (Free)	100 14 14 14 14 14 14 14 14 14 14 14 14 14	QS.
:	Wieserberger 4,480 -170	Cimens Fr. 916 +7 Glub Mediterrance 444 -2	Deckel (Fr.)	ABM Amro Hidgs 31.40 -0.2 ACF Holding	Ma Och Dom B Free		14
-	BELGIUM/LUXEMBOURG Jamery 8	COF 147.2 100	Douglas Hujes	Abold	Saab-Scania B Free Sandruk B (Free) Skandia (Free)	140 -2 220 +5	40
-	ACEC-Union Min 2,240 (-40	Cred Lyonn (CI)	Brestner Bank 240 5	AMEV	Stan Enskilda C SKF 8 Free Stora Kopp B Free		61: 207
	Bank Inti. a Lux 12,750 –250 Banque Ges. Da. Lux	Docks de France 3.791 -9 Dollins-Mileg 295 +1	Hamburg Elekt 177	04F 82.30 1-0.2	SCA B (Free) Seta Had B Fr Trelleborg 8 Fr	经 门,	71
	8ekaert 7,100 -250	Ell-Appliate 288.7 (2.8	Heitelberger Zess	Dordtsche Petroleum . 123 30 -0.7 Elsevier Do Ress 74 20 -0.4	Volvo B (Free)	205 i	177 690 1
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	Royale Beige	Intersectations 1,060 +10	Mannesmann	Redames 55 50 -0.4	Seimoli	279 1-1	130 31 22
		Latarge Copper 311 121 Latarge Copper 311 Latarge Copper	PWA nodboun 207 -0.5	Revento 60 30 Regal Dutch 129 30 -1 1 Uniferer 147 50 -1 4 VMF Stork 39 50	Do Prionity Pig	85 -3 1,070 -20	ï
	15310 -110	Lyon Carry Durges 420 49 8	Philips Komman. 514 41 7072 61 72 772 772 782 772 782	Uniterer	Mag. Globus Pag Mikron (Reg) Motor-Colombon	730 (+40) 450 (-35) 1,210 (-40)	4
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	Unerg 2205 45 Do. AFV 1 2115 45 Wagers Lits 6910 -110	Moulinez 71.6 -2.4 Navigation Mixt 1,220 -15	Do. Fref. 203 -1	Aler A (Free) 95 00	Pirel11	7.480 -150	45 67 894
•	Wagons Lies 6,910 [-110 De. AFV 6,200 [-150	Mountile Galer. 799 +14	Siemets 567.8 -2.8 Serioser Azel Rg 700 +4.5 Stal-Chemic 582 +2	Bergesen A	De (Genes)	3610 -30 8850 -10	25
-	DENMARK January 8 Kr + pr -	Paris Resconnie 208 -2.4	Varia 2865 -1.5 Vela 290 -1.2	Dyna led	Bo (PtCts)	4 550 803 -3 600 +70	
	Bahka Ridgs	Perriet 1,101 25 Persent S.A. 480.4 5.7	V.E.W. 203.7 +0.2 Virgh-West 312 -3 Viag 329 -4.4 Volumen 320.5 -4.3	Left Horgh	Serissale	560 -10 251 -3	_
: •	Danisco	"maget 302 -12	Do, Pref	Horske Stong A Fr 117.50 -2.5 Urida Borr (Free! 188.0 -4 Saga Pet B Free 91.0 -0.5	Suries Beliefre	2980 I-20 I	46
•	GN Great Nortic	Promodes 1,900 -34 Radimech 299 +3 Redoute 3,234 Rhose-Poul (Ca) 238,7 -0,8 Rossyl-Ucial 1,790 +30		Storebrand (Free)	Welerther	3.470 -90	Х
	1.5.5. B Systems	31LL	ITALY		Zurich ins.	1,035 I-5 I.	há
	NKT A/S 330 4 Novo Nordist 350 4 Noyal Chagen A 500 500 Sopias Berenden 1,160 +10	Sagera 1445 +15 St. Godzán 3825 +15 Salot Louis 1170 +10 Sagera 753 +15	January 8	SPAIN Lanuary 8 Pts. + er -	SOUTH AFRICA		90 26
	Suptas Serendoen 1.160 +10	Crimmidae 240	Nation 1885	Atta (Carp Fla)	AECI	129 1-01	tEll
		Sinco	Baryo (Cartiere) 7, 450 -75 CR 2, 401 -69 Cattaro 715 -24 Cenesuir 1,875 -24 Cigalostel 2,895 -70		Allied Tech	∰ F s	T
	FINLAND January 8 Mka + or -	Sommer-Alibert 1245 +40 Spie-Batignolles 3982 Suez (Fin de) 264.5 -0.6	Colide 2.515 -41 Credito Italiano 2.56 -56 Oaniel 7.250 -50	Bases Santander 4,330 -20	Rarton Rand	34.75 i-0.75 i Co	
	Amer	Talktinger 3,500 Thomson (CSF7 119.3 +1.7 Total-Petroles Fr. 597 6 UAP 467.1 13.2	Oarlieli 7,250 -50 Enimont 1,580 -7 Eridania 7,280 -210 Fernand 1,580 -7 -210 -210 -35	Carburds Metal 4,150	Drietontela	10.35 HB.6	-
	Kop 32		Flat 5,270 -152 Do Pris 4,050 -100 Fiels 5,876 -104	Destra Viesgo 3.140	East Rand Gold	77.5 -0.5 IN 87.75 -0.25 80.5 +0.65 As	
	Kymmene 49 -1 Nokia Pref Free 48.1 +1.1 Pohjofa 'B' Free 55.5 Repota (Free) 55.5	United 196	Foodlaria	Energia Ind Ara	Gold Fields SA		
	Stockmann 'B' '96 +1 Tampella (Free) 30 -2 UBF C	GERMANY	Generali Assicur	Hidrola	Kieross Gold	[9	_
	Watsila(611) 378 -1	January 8 Dm. + or -	talgas 2,670 -35 Uojd Adriatica 12,450 -100 Idameti Marelii 850 -20	Metrovaces	Micor	275 -0.2 16.75 -0.2 19.3 -0.2	w
	FRANCE Jamesy 8 Frs. + tr -	AG Ind & Verteir 763 -12 Aachener Min (Reg) 690 Allianz AC 2 007 5	Mediobasca 13,000 -210 Womerison 13,23 -25 Otherti		Palabora Mining Rembrand	15 - S	
		Alting AG 2,007 -5 Altang AG 465 -43 Acho Deutsche K 941 -17 DO. Prf 765 -9 BASF 195.5 -0.5	Pireiti Spa	Sarrio	Safmerine & Reg 4	725 N	E
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	85N 715 -10 Bascaire Cie 432 -6.9 6NP (Cerulan) 215 -	Barer-Verein	SASIB 6.899 -151 Siri Spa 10.230 -130 SMI 1.175 -43	Union y el Festa 5,450 +190	Tongaat Hulett	39 45 BI 12 42 Pa	E /
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	STREET OF THE THE		January 8	January 8 Yes + nr -	Kidston Gold	est\$ + or - Peg 07 (40,01 Lin 3 65 -0 05 We .51 (40,05 Ba	nit els
	Alimonato	Tab 2 (2017) [23] -4	Mileon Corp	Takara Stuzo 649 -11	Mayne Nickless 5	50 -01	æ
	Arrenda	Japan Wool 1540 -80 Jajo Paper 635 -14 Jaso -10	Misson Desido		Hat Aest. Bank 5	15 4005 16 40.05 18 40.05 18 40.05	-
	Anki Corp	Kagone 1350	Nippon Elect Gl 1,250 - 50 Nippon Expres 705 - 37 Nippon Five 725 - 29 Nippon Five 614 - 19 Nippon Hodo 2,370 - 130	Takesa 1.020 Lavotre Selpaton 856 -14 Leijin 490 -16 Telubur OII 925 -34 Telubur OII 1,040 -90 Tod 851 -34 Tobishirus 851 -34 Tobishirus 851 -34 Tobishirus 850 -32	N Bkn Hill Peko 1 Pacific Geniop 4 Pappont'l 1	182 -0.03 C 180 -0.03 T 1.74 -0.01	
	Asshi Chemicals	Kalen Pharm 1170 -50 Kandenko 2,500 -120 Kaneko 255 -25 Kuntgafucki Chm 626 -19	Heigen Hode 2,370 -130 Hippon Kayakin 758 -12 Hippon 1: Metal 821 -21 Hippon Mest Park 1,240 -50	Tee	Pioneer Intl	43 -0.05 in-	
		Kanematan Corpn 575 xt -35 Kanematan Corpn 2850 -150 Kanematan Pullet 605 -18	Prince P		Poseidon	255 H0.05 MC	
	Bridgestone	Kanebo S25 - 25	Nignon Road	Common C	l SA Br evies		10
	Calcule Food	Kelhip Eler Exp	1,090	Toksymma Soda	Smith (R.)	1.85 +0.06 83 1.00 -0.06 Un 1.85 -0.02 1.70 -0.01	Jan .
	Canon	Kinden	Hippon Shinjaka 1.120 Hippon Soda 647 -56 Hippon Stateless 780 -50 Hitmon Statel 445 -10	Tokyo Denne Corp	Tyen laws	62 -0.01 1.84 +0.08 1.53 -0.01	
			Nippon TV 20,200 -100		Westfield Tst	70 -0.02 1.23 -0.01 278 +0.05	
	Chabu Elect Par	Koturo 3,000 -70 Koturo 951 -24 Koturo 801 -39	Hippon Yesen 541 -15 Repon Zeon 492 -48 Repon Zeon	Tokyo Style 1,300 -90 Tokyo Car 970 -100 Tokyo Carp 1,100 -15 Tokyo Carp 575 -15			
	Christon E Power	Kapa Sellar 879 -21 Kahala 635 -24 Kumagal-Gumi 709 -11		Topia Priot 1370 -70 Topia Priot 1300 -50 Toriy 1570 -5 Toshib Elect 699 -5		I.K.\$ + or -	
	Dalitchi Selyaku 2130	Kohe Sizes 470 -21	Nisshie Oil	Toshiba Eng Con	Cathay Pacific	3.57 4.60 -0.1 2.05 -0.05 12.40 -0.2	
	9aifulu	Kureka (benika)	Nissiebo Inds	Tesol Corp	Crina Motor	15.70 -6.1 12.10 13.70 +0.1 10.50 -0.1	
	Dalitizma	Syncera	Risard Sunger 1, 480 -70 Risard Sunger 1, 480 -70 Risard Fixor 777 -67 Risard Risard 1, 480 -70 Risard Risa	1070 MK 510 -3 Town lorn 902 -48	Dairy Farm tail	L36	
	Dal Napon Phar	Krushu Electric 12,370 1-70		Toyo Kanetsa	Hang Seng Bank	2.00	_
	Dalkfunga Paper	Long Term Cred	09 Paper	j · -	! HK China	150 -0.05 14 70 195 -0.15	
-	Delva Sec	Marida Corp 1,650 -30 Marida Milling 1,020 -20 Marida Elect Wk 1,400 -20 Marida Elect Wk 1,400 -20 Marida Elect Wk 1,400 -15	Disarte Mach 1,180 40 40 40 40 40 40 40	UBE Inds 512 1-32 Unitiliza 443 1-17 Victor UNO 11,410 1-30	HK Land	100 -0.1	
	1 260 -10 1 770 -30		Osada Casiest	Waccad	HK Stranghai Hotels 4	162 -0.03 160 -0.12 15 -0.03	=
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	Gardo Shasel 1.260 Green Cross 1.000 -20 Gardo Chara 1.020 -60	M 155 Cas Chen 498 13 159 158 169 179 179 179 179 179 179 179 179 179 17	Samuri Shattar 1,400 -60 Samuri Shattar 566 -15 Samuri Kolausikia - 10 Samuri - 10	Zeel Corp	Tele B'satt	,190 l−0ū≥ 1 UF	
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	Hiroshima (Bank) — 915 — 5 Hinachi — 1080 — 20 Hitachi Cable — 120 — 31	Mitssi Co	Shings S	AMZ Group	Hong Leong Cred	126 -01 140 -01 149 -002	
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: -	tunico	HHK Gorps - 390 - 10 HKK Corp - 758 - 20 HKK Corp - 660 - 35 HTM Topo Brg - 660 - 35 HTM Topo Brg - 670 - 20 Hupsathot - 2 430 - 260 Hupsathot - 910 - 45	Sentence Harter	Flescher Chilinge	(40 6	i.85 i-0.1 (#=	_
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	11,870	National Moss 145010	Secreta Motor 1600 1-20	Highlands Gold 122 +0.02	prices. (w) usawajiable. p	Deallogs suspended.	

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TORONTO Closing prices January 8 4054 Abashi Pr Still, 1113, 1114-13 14480 Abashi Pr Still, 1115, 1114-13 14480 Abashi Pr Still, 1115, 1114-13 14480 Abashi Pr Still, 1115, 1114-13 14806 Abashi Still, 1215, 1215, 1215, 1215 18500 Abashi Still, 1215, 1215, 1215, 1215 18500 Abashi Still, 1215, 1215, 1215, 1215 457 BC Sugar A Still, 1115, 1115-13 457 BC Sugar A Still, 1115, 1115-15 457 BC Sugar A Still, 1115, 1115-15 1100 Bombol A Still, 1115, 1115-15 2000 Bisself B Still, 1115, 1115-15 2000 Camp Soup 2015 Camposup Still, 1115, 1115-15 2000 Camp Soup 2015 Still, 1115, 1115-15 2016 Camp Soup 2016 Still, 1115-15 2017 Camp Soup 2017 Camp S	22000 Con TVK	3375 Leventh A 38 77 75 14 175 175 175 175 175 175 175 175 177 175 177 175 175	41140 Sears Cen 510 s 57 97 1 s 500 ShawC 8 f 39 9 5 -1 530 ShawC 8 f 30 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
100 CP Forest \$27\s, 27\s, 27\s, \text{1}\square 100\text{37} CP Lm \$10\square 100\square 100\squar	55 Marris A 400 400 400 400 400 400 400 400 400 4	15000 Powr Cor # 518 ty 16 18 18 ty 18 200 Powr Fin 518 ty 18 18 18 18 18 18 18 18 18 18 18 18 18	MONTREAL Closing prices January 8 400 Bembrora StSte 15te 15te 15te 15te 15te 15te 15te 15

INDICES

NEW YORK										Jen.	Jan.	Jan	Jan 1	199	1-81
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	8	7	4	3	HIGH	FOM	HIGH	LOW	AUSTRALIA						
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Home Bonds	91.54	91.71	91_94	92.01	93.04	28 44	95 51	54 99	Ali Minus (1/1/80) AUSTRIA	3133	207.0			900.5 17470	201201212
Transport	898.05	894.30	909.11	909.48	1212.77	(24/9/90) 827-93	(9/2/87) 1532 01	1/10/811 12 32	Credit Altuer (30/12/84)	406.99	419.13	430,48	426.48	703.29 (19/3/90)	400.98 (25/9/98)
• •					6)490 236.23	02/10/900	G/9/891	08/7/32)	BELCIUM Brases SE (Cash Miki) (L/1/R0)	4771.84	4823.05	4885.43	4920.48	6599.43 (12)1)909	4771.84 08(1)911
Utilities	206.93	205.67	207.94	207.EL	2/1/10	190.96 (24/8/90)	236,23 (2)1/90)	10.50 (8/4/32)	DENMARK	411201	400.00	*******	****	0	
				Allan		64 (2563.37			Copenhages SE (3/1/83)	302.26	303.22	305.70	306.65	388.29 (20/7/90)	305.26 (80,1/91)
STANDARD	AND	POOF	2'5	- Total	, mp- 122		, Dit 200	سبہیں ںو	FRELAND United General (1975)	357.3	368.3	372.0	378.0	677.3 (23/1/90)	357.3 (8)1/91)
Composite ±	314.90	315.44	321.00	321.91	368.95	295.46	368.95	4.40	FRANCE	231.2		2120		412 <u>Caldina</u>	
	•				(1,6,7790)	07/10/90	(16/7/90)	0,6,32) 3.62	CAC General (31/12/82)	402.47	412.70	4363	466.84	564.62 (30)5/989	402,47 (8/1/91) 1485-39 (25/9/99)
industrials	369.16	369.64	375.97	377.18	437.37	346.86 01/10/90)	437.37 06/7/90)	3.62 (21/6/32)	CAC 40 (31/12/87)	<u>1502.77</u>	1507 <i>81</i>	1547.66	1539.50	2129.32 (20)4/90	THOSAN (ESITIVI
Financial	22.12	22.34	22.88	22.84	32.87	28.80	35.24	8.64	GERMANY FAZ Akties (31/12/58)	585.23	988.34	682.11	594.83	832.32 (19/7/98)	569.69 (28/9/90)
					C)/1/902	(29/10/90)	(9/10/89)	0/10/740	Commerchank (1/12/53)	1454.5 1363.95	1661.7 1358.16	1702.4 1396.07	1680.0 1366.65	2414.0 G/4/90 1968.55 GG/3/90	1628.7 (28)9)909 1334.89 (28)9)909
MYSE Composite	172.61	173.07	175.95	176.41	201.13	162.20	201_13 (16/7/90)	4.46	DAX (30/12/87) HONG KONG	1303,70	1770-10	D10.0	1500,03	1700_22 C-0131742	25.47 247.2
Ames NUL Value	299.78	300.18	303.05	304.78	382.45	288.07	397.03	25/4/42 29.31	Hang Seep Bank (31/7/64)	3009.42	3026.52	3045.61	3004.88	355A 20 (23/7/90)	2738.24 (1,12/96)
DATE OF THE REAL PROPERTY.	2511 88	260 24	957.94	*	6/1/909 469.60	C0/10/90 325.44	(10/10/89) 485.73	(9/12/72) 54.87	RELAND			2714	****	2002 10 520 100	1343.08 (9/1)913
MASDAQ Composite	359.00	,20UL29	357.24	20/.31	Q6/7/903	CP1701200	(9/10/89)	GU1072	SEQ Overall (4/1/86)	1143,08	1157.82	1164.71	1159.97	1893,10 (22/1/90)	TI-COME REPUTED
									ITALY Banza Com. Ital. (1972)	510.63	518.87	521.34	514.09	763.52 (14/6/90)	500.67 (29/11/90)
			n. 4	Dec	28 5	ec.21 1	west são (spprox.)	JAPAN				4.0		20221.86 (1/10/90)
Dow Industrial Div. Y	(leid	4	.02	3.9	2	3.92	3.8	•	100m) (165)49) Taban CE (Canto 160 KB)	22977.94 1677.93	25736.57 1723.92	24069.18 1740.92	. (36712.88 (4/1/90) 2867.70 (4/1/90)	1523,43 (1/10/96)
		Ja	п. 2	Dec	26 D	ec.19 y	ear ago (арргох.)	Totopo SE (Tepbs) (4/1/68) 2nd Section (4/1/68)	2640.36	2688.65	2703.02	ĕ	4477.16 (16/7/ 190 0	2640.36 (8/1/91)
S & P ledestrial div.	visit.		35	3.3		3.32	2.80	<u> </u>	MALAYSIA						459.08 (28/9/90)
S & P lads, P/E ratio			5.76	15.9		5.88	15,1		KLSE Composite (4/4/86)	<u> 485.64</u>	495,63	497.67	497.99	632.22 (1,8,90)	457.US (20) 7770
									NETHERLANDS CBS Til.Rin.Gen.End 1983)	226.5	227 8	229.8	229.3	271.9 (20)7/90	225.6 (0/11/90)
NEW YORK A	ACTIV	E ST	CKS	7	RADIN	g activ	/ITY		CRS All Str (End 1983)	166.0	167.0	<u> 168.4</u>	<u> 168.1</u>	296.3 CV1/980	165 6 00/11/909
	Stocks		g Chan		† Volum		Millions		NORWAY	635.98	644.69	648.24	652.46	915.13 (2/8/90)	F3F-88 (B/J/A))
	traded	price	Ou da	<u> </u>		Jan. 8		Jen. 4	0sto SE 0mb (2/1/83) PHELIPPINES	0,20.70	- 01,07	- Q-Q-Z-T	0.22-10	122 447	
	,739,300 ,715,500	485 ₁ 109	- 17		iew York arex	243.3 10.0			Mausia Comp (2/1/85)	993.78	681.97	612.63	595.47	1160.70 (21/3/90)	514.80 (5/10/90)
	,701,700 .701,700	- N	- 47		ASDAD		109.46		SINGAPORE	319.89	224.24	325.78	323.02	446.87 (16/7/98)	301.45 (11/10/90)
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	,528,700 ,518,700	544 314	+ \ • 79		ises alis		58 34 26 1.22		JSE Cald (28/9/78)	1338.04	1312.0	1252.0	1294.0	2230.0 (16/1/90)	1111'0 (18\(15\)\alpha
	421,300	244	+ 4		actavand		16 42		JSE industrial (28/9/78)	2914.04	2964,0	2976.0	<u> 2985.0</u>	3211.0 65/2/90	2540.0 (2/10/90)
Limited lac. 1,	416,300	184	- 12		ew Highs	-	4 1	0 7	SOUTH KORIEA** Kors Coro Ex. (4/1/80)	659.68	676.65	647.12	696.11	928.82 (4/1/90)	566,27 (17/9/90)
	,370,300 310,700	514 25	- 25		ew Long		99 3	9 21.	SPAIN					 	
Dimension +	رون ريبياد,	2	- 4						Madrid SE (30/12/85)	218.07	221.60	221.40	271.46	309.74 (J <i>LJ71</i> 90)	209.37 (28/9/98)
									SWEDEN	80EL4	817.6	838.0	837.3	1329.9 (5/7/90)	808.4 (8/1/91)
									Affaserker Ges. (1/2/37) SWITZERLAND	quality	0.40	0.0,0	ديرو		- Sept Sept. red
CANADA									Series Bank Lat. (31/12/56)	606.2	611.9	623.6	624.2	845.5 (13/7/90)	606.2 (8/1/91)
TORONTO	نك	en. J	len.	Jan.	Jan.		1990-91		SBC General (11/4/87)	499.3	504.4	<u>514.9</u>	515.6	698.2 (13)7/90)	499.3 (2)1/91)
	_	8	7	4	3 —	HIGH		OW	TARKAN** Weighted Price (30/6/66)	<i>3</i> 475.53	4191.07	4367.99	4258.93	12495.34 (10/2/90)	2564.47 0.08/90
Metats & Minerals	26	48.61 2	50,66 2	677.34	2682.61 3	453.05 (4/1/9	0) 2486.6	0 (8/11/90)	THALAMD		10.000				
Composite	31:					009.47 (3/1)9		1/16/10/909	Bangkok SET (30/4/75)	590.37	575.36	609.88	586.92	11/43.78 05/7/909	544,30 (00/11/90)
MONTREAL Portfolio	16	97.88 1	700,23	707.69	1707.69 2	060.90 (3/1/9	0) 1607.2	4076/70/300	WORLD H.S. Capital Intl.CAT/FID US	463.f°	449.7	459.8	460.4	571.0 (4/1/98)	623.1 (28/9/98)
														Korea Comp Ex. 6	
Base values of all in Toronto Composite 83. † Excluding boo Unavailable.	ndices an and Met ods., indi	e 100 en als – 10 estrial, p	cept NYS 00. Toro slus Utili	SE All Co ato India Ities, Fia	ommos – 5i ces based 1' concial and	0: Standard ; 975 and Mor Transportat	end Poor's- streal Portf ion, (c) Clos	-10; and folio 4/1/ sed. (µ)	A Subject to official recipies in Base values of all Indices are industrials — 264.3 and Aust	latico. 100 escen	r Brossels !	SE ISEO O	وي اعدد الدهد	Calated & 15.00 G DAX — 1.000, JSE (61. 646-255.7. JSE 26



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FINANCIAL TIMES

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Dow reverses early gain as pessimism renews grip

Wall Street

AMERICA

SPECULATION that the Federal Reserve had cut interest rates spurred a brief stock market rally early yesterday, but worries about the Gulf crisis and the economic decline in the US proved too strong to overcome, and stock prices ended the day broadly lower, writes Karen Zagor in New

The Dow Jones Industrial Average ended a net 13.36 weaker at 2.509.41 after a moderate NYSE volume of 143.4m shares. Declining issues led advances by 922 to 558 on the big board. The Dow dropped 43 points on Monday and 67 points last week.

Listed issues turned higher at midday after the Federal Reserve sent an ambiguous use to the market by failing to intervene when the Federal Funds Rate was trading below the Fed's perceived tar-

This was initially interpreted as an easing of monetary policy, and both stocks and bonds rallied on the signal. But there is no particular reason for the Fed to have changed its course at present and the euphoria quickly evaporated, leaving the treasury's 30-year long bond down E, yielding 8.37 per cent. Today's operations by the Fed may send a clearer indication whether monetary policy

has changed. McDonnell Douglas and General Dynamics shares dropped yesterday after Mr Dick Cheney, defence secretary, cancelled the Navy's A-12 attack aircraft programme late on Monday.

McDonnell Douglas plunged \$7% to \$31% and General Dynamics lost \$2% to \$22%. Both companies will lay off thousands of employees in response to the cancellation.

Pan Am, the struggling US airline, finally filed for Chapter

11 bankruptcy protection yes-terday morning, sending its share price down \$% to \$% UAL, the parent of United Airlines, which had hoped to acquire Pan Am's London routes before the bankruptcy filing, added \$1% at \$111. UAL will provide \$50m in financing to Pan Am.

Among other airline issues, AMR, parent of American Airlines, gained \$1 to \$45% in spite of charges of alleged safety problems by the company's pilots union. 3Com plummeted \$2 to \$5%. Trading in the stock was halted on Monday after the company said it would with-

ing system software bus and report a third quarter loss. 3Com expects to cut its workforce by 12 per cent and take a

TORONTO declined over a broad front in light trading as investors sat on the sidelines or abandoned positions prior to today's US-Iraq talks in Swit-

has not had a winning session in 1991, ended 18.6 weaker at 3,132.4 as falls outnumbered rises by 328 to 193. Volume con-tracted to 16.3m shares from Monday's 20.2m. The gold shares index, which

The composite index, which

gained nearly 3 per cent the previous day, lost 0.97 per cent as the bullion price surren-dered nearly US\$4 to about US\$390 an ounce in New York. The energy index was slightly higher again, but all other sectors recorded declines. The board of SHL System-house requested and received

the resignation of Mr Roderick Bryden as chairman and chief executive. The resignation will take effect on May 31, unless a replacement is found before then. The stock gained 35 cents

Industrial sector takes lead in South Africa

Gold's fading safe-haven image frustrated Johannesburg last year, says Philip Gawith the rand against the US dollar

HIS YEAR kicked off optimistically for the Johannesburg Stock Exchange (JSE), with the gold price rising above \$390 an ounce and the all-gold index closing 4.3 per cent higher after the first week of trading.

Yesterday, gold shares con-tinued to advance on the back of firm bullion prices, with Vaal Reefs rising R5 to R230, although the industrial sector fell back. The JSE all-gold index climbed 26 points to 1.328, while the industrial index fell 50 to 2,914 and the overall index shed 25 to 2,695. Analysts are hopeful for

1991. A slow downward trend in interest rates, expected to start soon, should benefit companies and their share prices. Although all forecasts are sub ject to the predictable Gulf caveat, analysts favour the industrial sector to perform the

best this year.

Another important factor is the buge overhang of institutions' investable surplus funds, calculated at R28bn by Mr Richard Stewart of stockbrokers Martin and Company. An average of 38 per cent of the overhang has gone into equi-ties over the last five years, he says, and about 16 per cent normally finds its way into the

Aithough the Johannesburg Stock Exchange outperformed most other world bourses in

THE MOOD in the Continent

was nervous yesterday, as investors awaited the outcome

of today's meeting between representatives of the US and Iraq. Although selling pressure

was mostly light, some share

prices fell sharply, with Hoo-govens, the Dutch steel and

aluminium producer, plunging 8.6 per cent, writes Our Mar-

AMSTERDAM came under

pressure late in the day as Wall Street opened weaker and

several companies issued cau-

tious new year messages. The

CBS Tendency index ended 0.4

Hoogovens plummeted F14.20 to F144.80 in thin vol-

ume, after the company low-

ered its profit forecast for 1990

and said that 1991 would be a

Ahold, the retailer, was 50

cents better at Fl 67.10 on news

that the company expected its 1990 total group turnover to

fall to Fl 17.5bn from Fl 17.7bn,

mainly as a result of currency fluctuations. But it repeated its

previous forecast that 1990 net

profit would be well above 1989's Fl 194.6m.

to F179.70 after the chairman said 1990 net profit would be

about 8 per cent below the pre-

vious year's. In August VNU

said that it expected 1990 prof-

Fl 147.50 after analysts downgraded their profits forecasts for 1990 and 1991 as a result of

Unilever fell Fl 1.40 to

FRANKFURT showed sur-

prising resilience in the face of

hefty falls in Tokyo and over-night on Wall Street. Short-

covering and a stable bond

market helped prices come off

the day's lows. The DAX index ended 4.21 down at 1,353.95,

recovering from an intraday low of 1,345.46, while the FAZ

index, calculated at midses-

sion, eased 3.11 to 585.23. Vol-

ume remained a light DM2.9bn

Dyckerhoff & Widmann (Dywidag), the construction company, eased DM5 to DM715

as the takeover speculation surrounding the stock started

after DM2.7bn.

its to match those of 1989.

its higher marketing costs.

VNU, the publisher, fell F11

down at 77.9.

difficult year.

1990, it was a year of unfulfilled promise. It began on a wave of political optimism which was soon dashed, and was ultimately frustrated by the reduction of gold's traditional status as a safe haven for investors.

The overall index declined by 8.5 per cent on the year, due mainly to the weak perfor-mance of gold shares, where the sub-group index dropped by nearly 40 per cent. Industri-als appreciated 8.3 per cent, with consumer-based stocks doing particularly well. De Beers, diamond giant and beliwether stock, closed at R66.60, ahead 8 per cent on the

year, but nearly 40 per cent off its May peak of Riiû.

The release from prison in February of Mr Nelson Mand-ela, the black nationalist leader, and other political reform initiatives of the government were suphorically received by equity markets.

arly confidence, however, was soon badly knocked by loose talk about nationalisation from the African National Congress (ANC), the country's major black political grouping, and the appalling township vio-lence which blighted the politi-cal scene for the rest of the

The "commoditisation" of gold was the other dominant,

Johannesburg S E Indices rebased 120 Industrials
110 A 90 A 90 80 God V

and disturbing, feature of 1990 for the JSE. Pundits thought that the political turmoil in eastern Europe would lend support to gold with its tradi-tional safe-haven status. This proved not to be the case.

Even more depressing for the gold bulls has been the weak performance of the bul-lion since the start of the Gulf crisis. Expectations that the price would rise, as a hedge against higher inflation brought on by the increase in crude oil prices, have not been

Mr John Clemmow, mining analyst at stockbrokers George Huysamer, comments: "There has been a structural change in the way the gold price moves. Gold is now in a new

era where it is regarded as a commodity. It is a process that has been accelerating for the last few years. South African institutions are not in gold shares any more.

"Gold has fallen out of favour and I do not think it is

going to go back again."

The poor performance of gold shares reflects the industry's straitened circumstances. Profits are sharply down, squeezed by declining revenues and rising costs. The extent to which the market has lost con-fidence in gold is shown by the decline in the gold shares index over the year, a move wildly out of proportion to any downward movement in the

bullion price.
Mr Clemmow points out that
it is not only gold that has
suffered; the price of virtually every commodity that South Africa exports, with rhodium a notable exception, fell during the year. Much of this can be traced to fears of reduced demand in the wake of recess-ionary conditions in the lead-ing Anglo-Saxon economies. The platinum share price index, for example, shed 30 percent over the year. A recession would lead to lower automobile sales and hence a reduced platinum requirement, as the metal's leading use is in the

autocatalysts which reduce

exhaust emissions.

The firm exchange rate of

ing sector. The rate was virtually unchanged at R256 over the year, whereas analysts had been predicting at least a 5 per cent deterioration, to take account of the countries' inflation differential. I his reflects the hand of

in which most of South

Africa's exports are denomi-

nated, has been a contributing

factor to weakness in the min-

Dr Chris Stals, governor of the Reserve Bank, who, in defending the value of the currency and making the fight against inflation his pri-ority, has caused considerable pain in the real economy and equity markets.
The brighter industrial side

of the JSE's performance per-ticularly reflected the con-sumer sectors, and especially those companies with a high exposure to urban black consumers. While the transport group showed strongest growth overall it was followed by the retail and furniture so-tors, both of which rose by more than 50 per cent.

Some see this trend tailing off as recessionary conditions bite. Others, like Mr David Shapiro of stockbrokers Fran-kel Max Pollak Vinderine, believe there is such a backlog in black spending that it will be years before black consumers start to save.

Nikkei falls 3.5% in thin trade before Geneva talks

Tokyo

STOCK PRICES fell sharply vesterday following the overnight drop on Wall Street. Rising bond yields contributed to the decline and volume was low ahead of the US-Iraq talks scheduled for today, writes Emiko Terazono in Tokyo.

The Nikkei average lost 838.73, or 3.5 per cent, to 22,897.84, closing below 23,000 for the first time since December 6. The index opened at the day's high of 23,707.70 and fell to a low of 22,859.28 in the

in London the ISE/Nikkei 50 index shed 8.08 to 1,293.21.

Volume remained lacklustre, at 230m shares. "The market has absolutely no energy," commented Ms Caroline Stone of Barclays de Zoete Wedd. The pulp and paper sector fared the worst, falling 7.3 per cent. It was dragged down by Honshu Paper which lost Y230 to Y1,540 as investors with

high margin positions sold out. Rubber issues were weak on the year-to-year decline in December new car sales, Bridgestone slipped Y20 to Y969, Sumitomo Rubber Y30 to Y685 and Yokohama Rubber Y20 to Y735, their lowest levels since the start of last year.
Construction shares fell.

Traders said the sector had been due for a correction after its recent rise which followed news that the government planned to spend Y430 trillion (million million) on public works over the decade. Kajima lost Y60 to Y1,570 and Obayashi fell Y90 to Y1,590.

Sanrio, a novelty goods producer, lost Y350 to Y2,700, falling below Y3,000 for the first pany, which has invested heavily in stocks, only expects pre-tax profits of Y6.5bn for the business year - 50 per cent below its earlier forecast. Furukawa Electric, a leading

electric wires and cables maker, receded Y10 to Y675 on profit-taking. The issue had gained Y15 on Monday following reports that the company had developed a new super-

conducting magnet.
Sumitomo Metal Mining firmed Y20 to Y1,110 on rising gold bullion prices, as well as the overnight strength of gold

Nikkei Average (1000) to a low of 22,859.28 in the afternoon. Declines overwhelmed advances by 934 to 51, with 67 issues unchanged. The Topix index of all first section stocks retreated 45.99 to 1,677.93, and

mining shares in New York. Some high-technology stocks with high export ratios reacted lar. NEC gained Y10 to Y1,290 and Fujitsu rose Y10 to Y990. In Osaka, the OSE average

weakened 689.16 to 24,040.85 on low turnover of 18.3m shares. High-technology issues bought on margin credit fell in heavy selling. Nintendo lost a further Y1,700 to Y15,400. Shimano Industrial, the bicv-

cle parts maker, shed Y130 to Y3,950 in spite of reports that it will implement a 10 per cent bonus share issue this year.

Roundup

THE OVERNIGHT fall on Wall Street and apprehension before the Geneva talks between the US and Iraq weighed on many TAIWAN tumbled as higher oil prices and weak stock mar-kets overseas accelerated seil-

ing. The weighted index plunged 215.54, or 5.1 per cent, to 3,975.53. Volume fell to T\$29.2bn from T\$39.1bn.

AUSTRALIA eased for the fourth day in a row. The All Ordinaries index ended 2.6 off at 1,236.9, the lowest level since February 1988, although higher bullion prices pushed the gold marker up 24.9 to 1.190.9.

Turnover, which was dominated by options exercises, rose to A\$137m from A\$135m. BHP accounted for one-third of the day's volume as it dipped 10 cents to A\$9.44 in options re-lated trading. TNT, the trans-port company, eased 2 cents to A\$1.26 on continuing nervous-

ness about its debt. NEW ZEALAND fell for the first time in eight days as the Barclays index gave up 18.78, or 1.6 per cent, to 1,191.75. Turnover climbed to a moderate NZ\$12.4m from NZ\$8.4m. Brierley Investments featured with a decline of 5 cents to 91 cents on the day's heaviest vol-

ume of 2.3m shares. HONG KONG picked up from the day's lows on scattered buying, but the Hang Seng index was still down 17.10 at 3,009.42, after touching 2,992. Turnover shrank to HK\$327m

from HK\$399m. SEOUL was weak, the composite index ending 16.97 down at 659.68 on volume of Won129.6bn (Won160bn). MANILA's composite index slipped 8.19 to 593.78 in turn-

over of 35m pesos (49.9m). SINGAPORE recouped some of the day's losses on late bar-gain hunting. The Straits Times Industrial index dipped to 1,154.60 before closing 14.11 down at 1,160.59. Turnover decreased to S\$47.2m from S\$52m. In KUALA LUMPUR, the composite index lost 9.99 to 485.64 in turnover of 21.9m

shares (22.9m).

BANGKOK was lower, the
SET index easing 4.99 to 590.37 on thin turnover of 699m baht. BOMBAY was closed to enable brokers to catch up with their paper work. Trading is due to resume today.

to wane. Dywidag's shares dou-bled to DM879 last year after Mr Ignaz Walter, a shareholder with 38 per cent of the equity, made it clear that he wanted to take it over. But his attempt appeared to have been blocked esterday on the news that Lyonnaise des Eaux-Dumez of France had sold its stake of 10 per cent to another party.

Siemens ended DM2.80 lower at DM567.80 after the company denied that it planned to cut its dividend on 1990/91 results. PARIS gave up further ground in continued thin volume, although it was described as more active than in recent sessions. The CAC 40 index closed 5.10 lower at 1,502.77, after recovering from an open-ing level of 1,474.79.

Elf Aquitaine remained active, recovering FFr2.80 to FFr268.70 on volume of 486,600 shares, after Monday's fall of FF113.40 on UK selling Lyonnaise des Eaux-Dumez

rose FFr2.90 to FFr486 with 67,140 shares exchanged after its chairman voiced plans to raise up to FFr4bn through asset sales, in order to finance investments and expansion.

MILAN fell in thin trading

on mounting Gulf fears. The Comit index eased 8.24 to 510.63 in turnover of about L70bn. Although Generali slipped L500 to L28,990, traders said that there was some support buying of the Triestebased insurer. Some of the interest is linked to reports that Generali might benefit

Hoogovens drops 8.6% on bleak 1991 message from pending legislation which would allow Trieste to set up

an offshore area.
All four Scandinavian bourses fell to 1990/91 lows. STOCKHOLM sank to levels last seen in April 1988. The Affärsvärlden General index closed at 808.4, down 9.2, in vol-

ume of SKr308m. OSLO's all-share index dropped 5.00 to 426.90 in trading worth NKr248m. The industry index, which includes oil stocks, lost 7.71 to 636.98. Norsk Hydro shed NKr1.5 to NKr176.5. HELSINKI lost 2.9 per cent on worries about high interest rates and the economy. The Unitas all-share index fell 11.0 to 357.3. COPENHAGEN was also

weak, the index falling 0.96 to

302.26, but Baltica Holding rose DKr11.50 to DKr800 on the news that Hafnia had extended its offer to buy any new Baltica

shares at DKr1.000 each.

ZURICH retreated in quiet trading, the Crédit Susse index falling 6.2 to 440.4. A small rise in money market rates added to the cautious mood. MADRID also fell, but finished above its day's lowe on bargain-hunting. The gen-eral index shed 1.63 to 219.43. BRUSSELS saw the cash market index lose 51.21 to another 1990/91 low of 4,771.84, while VIENNA's bourse index fell 12.85 to 471.08 for a two-day

ATHENS dropped—2.2 percent, as the general index shed 21.09 to 947.62.

Saudi Research And Development **Corporation Limited**

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Saudi Research and Development Corporation Limited ("REDEC"), a Saudi Arabian limited liability company, invites qualified bidders to submit offers to purchase its interests in any or all of its four hotel properties in Saudi Arabia:

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS			TUES	DAY JAN	UARY 6	1991				JANUAR		DOLLAR INDEX				
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Grosa Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/81 High	1980/91 Low	Year ago (approx)
Australia (75) Austria (19) Belgium (60)	114.07 180.54 125.58	+0.0 -2.1 -1.1	88.73 140.43 97.67	98.35 155.66 108.25	90.83 143.75 99.97	97.53 143.71 97.85	~0.4 ~2.3 ~0.9	7.84 1.90 5.96	114.06 184.48 126.93	88.73 143.50 98.73	98.53 159.35 109.63	90.88 146.98 101.13	97.94 147.07 98.76	158.31 285.63 160.02	114.06 178.57 125.56	154.79 216.06 158.54
Canada (116) Denmark (32)	127.95 217.74	-0.4 -0.8	99.53 169.37	110.31 187.74	101.87 173.37	106.73 175.25	-0.5 -0.4	3.78 1.71	128.48 219.55	99.94 170.78	110.97 189.65	102.36 174.92	107.26 176.03 73.38	153.61 277.62 152.29	121.24 217.74 93.00	151.88 246.81 137.32
Finland (22) France (113) Germany (88)	93.00 127.81 106.06	-20 -0.1 -0.4	72.34 99.42 82.50	80.19 110.19 91.46	74.05 101.76 84.45	71.95 104.10 84.45	~1.9 ~0.3 ~0.4	4.21 3.95 2.69	94.87 127.96 106.46	73.79 99.54 82.81	81.95 110.53 91.97	75.58 101.95 84.82	104.43 84.82	168.85 144.63	124.98 101.38	155.61 130.18
Hong Kong (48) treland (16) Italy (93)	121.18 137.73 76.63	-0.7 -2.0 -1.5	94.26 107.13 59.61	104,48 118,75 66,07	96.49 109.66 61.01	121,32 111,25 65,84	-0.7 -1.9 -1.6	5.52 4.65 3.91	122.03 140,56 77.78	94.92 109.34 60.50	105.40 121.42 67.18	97.23 111.99 61.97	122.16 113.44 66.92	147.49 198.57 109.26	112.24 137.73 75.73	116.58 195.06 101.24
Japan (453) Malaysia (34) Mexico (12)	120.54 199.90 565.64	-25 -21 -28	93.76 155.49 439.99	103.93 172.35 487.70	95.99 159.16 450.38	103,93 209,75 1827,51	-2.6 -1.9 -2.8	0.82 3.21 0.38	123.57 204.10 581.69	96.12 158.76 452.47	106.74 176.29 502.46	98.46 162.61 463.46	106.74 213.81 1879.36	197.26 250.89 613.96	106.58 182.96 324.53	190.85 233.95 334.27
Netherland (41) New Zealand (15) Norway (30)	129.39 43.11 190.43	-0.3 -1.2 -0.9	700.65 33.53 148.13	111,56 37,17 164,20	103.03 34.33 151.63	101,90 38,61 155,15	-0.5 -1.5 -0.7	5.27 8.77 1.96	129.85 43.62 192.17	101.00 33.93 149.48	112,16 37.68 166.00	103,46 34,75 153,11	102.44 39,19 155,17	149.03 75.36 276.79	127.56 42.62 190.43	144.07 74.15 214.62
Singapore (25)	155.28 182.45 135.56	-2.0 -0.1 -0.2	120.78 141.92 105.45	133.88 157.31 116.88	123.53 145.27 107.94	125,87 135,88 99,46	-1.9 -0.8 -0.8	3.33 4.01 5.63	158.51 182.69 135.83	123.30 142.11 105.66	136.92 157.80 117.33	126.29 145.55 106.22	128.34 136.99 100.28	209.24 251.39 182.25	147.24 151.50 128.54	188.82 201.30 162.15
Sweden (27) Switzerland (65)	146.60 84.48	-1.6 -0.6	114.04 65.71	126,41 72,84	116.73 67.27	124.09 67.43	1.4 1.0	3.29 3.11 5.61	149.01 85.03 161.21	115.91 66.14 125.40	128.72 73.45 139.23	118.73 67.75 128.43	125.91 68.08 125.39	234.93 109.77 176.18	145.60 84.48 139.87	206.95 97.07 164.31
United Kingdom (297) USA (527)	160.15 127.26	-0.7 -0.2	124.58 98.99	138.07 109.73	127.51 101.33	124.58 127.26 102.06	-0.7 -0.2 -0.7	3.92 4.57	127.54	99.21	110.17	101.62	127.54	148.95	119.06	141.59
Nordic (111) Pacific Basin (650)	129.34 155.55 120.01	-0.6 -1.2 -2.3	100.61 120.99 93.35	111.52 134.12 103,48	102.99 123.85 95.56	123,26 103,96	-0.9 -2.5	2.47 1.24	157.43 122.85	122.46 95.56	135.98 106.12	125.43 97.88	124.41 106.62	223.29 192.75	155.55 107.82	197.02 186.75
North America (643), Europe Ex. UK (647),	124.14 127.21 110.60	-1.6 -0.2 -0.6	96.56 98.95 86.03	107.03 109.69 95.38	98.84 101.30 88.08	103,91 125,92 88,88	-1.7 -0.2 -0.7	2.66 3.91 3.77	126,15 127,50 111,23	98.12 99.18 86.52	108.96 110.15 96.10	100.50 101.61 88.64	105,74 126,22 89 52	174.18 148.43 145.62	115.03 119.26 109.94	170.92 142.11 134.57
Pacific Ex. Japan (197) World Ex. US (1782) World Ex. UK (2012)	113.13 125.09 121.40	-0.6 -1.5 -1.1	88.00 97.30 94.43	97.56 107.86 104.68	90.09 99.61 96.67	100.85 104.76 110.45	-0.8 -1.7 -1.2	6.49 2.71 2.81	113.78 127.04 122.80	88.49 98.82 95.52	98.28 109.74 106.08	90 85 101.22 97.85	101.61 106.55 111.84	146.72 173.77 162.00	113.13 117.12 115.37	137.44 170.65 158.73
World Ex. So. Af. (2249) World Ex. Japan (1856)	124.49 128.31	-1.1 -0.4	96.84 99.81	107.35 110.64	99.13 102.18	111.68 116.01	- 1.2 -0.5	3.12 4.26	125.87 126.83	97.91 100.21	108.73 111.29	100.29 102.66	113 0t 116.54	161.84 151.59	118.04 124.31	158.95 144.47
The World Index (2309)	124.84	~1.1	97.11 Goldmai	107.64 Secto	99.41	111,85 and Cou	-1.2	3.13 Vest Se	126.21	98.17 imited	109.02	100.56	113,18	162.05	118.33	159.21

ary 7 applied to Spain, related regional indices and The World Index.

